

1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE NORTHERN DISTRICT OF WEST VIRGINIA  
3  
4 \* \* \* \* \*  
5 ARNOLD K. RICHARDS and  
6 MARY L. RICHARDS, his wife,  
7 Plaintiffs,  
8  
9 vs. CIVIL ACTION NO. 1:17-CV-50-IMK  
10  
11 EQT PRODUCTION COMPANY,  
12 a Pennsylvania Corporation,  
13  
14 Defendant.  
15  
16 \* \* \* \* \*  
17  
18 Deposition of KRISTY TOIA taken by the  
19 Plaintiffs under the West Virginia Rules of Civil  
20 Procedure in the above-entitled action, pursuant  
21 to notice, before David A. Absher, a Notary  
22 Public, at Hampton Inn & Suites, 474 Johnson Road,  
23 Washington, Pennsylvania 15301, on the 30th day of  
24 November, 2017.  
25  
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20  
21  
22  
23  
24

**EXHIBIT**  
**4**

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1 PROCEEDINGS  
2 THE VIDEOGRAPHER: The time is 11:15  
3 A.M. We are now on the record. This is the video  
4 deposition of Kristy Toia taken in the Matter of  
5 Arnold and Mary Richards versus EQT Production  
6 Company, Case No. 1:17-CV-50-IMK, held in  
7 Washington, Pennsylvania, taken on this 30th day  
8 of November, 2017.  
9 My name is Justin Ebeling. I'm the  
10 legal video specialist. The court reporter is  
11 David Absher. We are associated with Realtime  
12 Reporters.  
13 Will counsel please introduce  
14 themselves and whom they represent?  
15 MR. WINDOM: Scott Windom  
16 representing the plaintiffs.  
17 MR. HENDRICKSON: David Hendrickson  
18 on behalf of EQT.  
19 THE VIDEOGRAPHER: Will the court  
20 reporter please swear in the deponent?  
21 KRISTY TOIA  
22 was called as a witness by the Plaintiffs,  
23 pursuant to notice, and having been first duly  
24 sworn, testified as follows:

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1 EXAMINATION  
2 BY MR. WINDOM:  
3 Q. Ms. Toia, my name is Scott Windom, and I  
4 represent Arnold and Mary Richards. I introduced  
5 myself before we get -- or before we got started  
6 here today. Do you understand who I represent?  
7 A. Yes.  
8 Q. Okay. You don't know the Richardses, I'm  
9 guessing?  
10 A. No.  
11 Q. Okay. And never met them before?  
12 A. No.  
13 Q. Can you go ahead and tell me your full  
14 name for the record?  
15 A. Kristy Kathleen Toia.  
16 Q. K-R-I-S-T-Y?  
17 A. S-T-Y, uh-huh.  
18 Q. Kathleen with a K?  
19 A. Uh-huh.  
20 Q. And --  
21 A. T-O-I-A.  
22 Q. Where do you live at?  
23 A. Pittsburgh, Pennsylvania.  
24 Q. How long have you lived in Pittsburgh?

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1 A. 40 years.  
2 Q. Have you ever lived in West Virginia?  
3 A. No.  
4 Q. Do you have any family in West Virginia?  
5 A. No.  
6 Q. Do you have any in-laws or anybody from  
7 West Virginia?  
8 A. No.  
9 Q. Have you been deposed before?  
10 A. Yes.  
11 Q. I -- I presume that to be the case. Let  
12 me ask you: There are some cases that are pending  
13 or have been pending in Federal Court in West  
14 Virginia. One is the McDonald (phonetic) case.  
15 Are you familiar with the McDonald  
16 case?  
17 A. No.  
18 Q. Okay. What cases have you given  
19 testimony in or provided testimony in?  
20 MR. HENDRICKSON: Scott, that case  
21 is actually over. It's been concluded.  
22 McDonald --  
23 MR. WINDOM: The McDonald --  
24 MR. HENDRICKSON: -- has, yes.

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1 MR. WINDOM: Yeah. Okay.  
2 A. Hamrick (phonetic).  
3 Q. Hamrick?  
4 A. Uh-huh. That is the only one for West  
5 Virginia.  
6 Q. Okay.  
7 A. Did you want --  
8 MR. HENDRICKSON: Scott, Hamrick's  
9 been consolidated with Leggett, so her testimony  
10 actually in Hamrick is also applicable in Leggett.  
11 L-E-G-G-E-T-T.  
12 Q. Okay. But you haven't testified in the  
13 Leggett case specifically. You testified in the  
14 Hamrick case that was --  
15 MR. HENDRICKSON: She was -- she  
16 testified once in both.  
17 MR. WINDOM: Once in both, okay.  
18 Q. Besides those two cases, have you  
19 testified in any other cases for EQT?  
20 A. Yes. There was a Texas matter. I  
21 honestly can't remember the litigants --  
22 THE DEPONENT: I'm sorry?  
23 MR. HENDRICKSON: Terry?  
24 THE DEPONENT: I can't remember.

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1 Q. Did you -- did you provide 30(b)  
2 testimony? Do you know what a 30(b) witness is?  
3 A. No.  
4 Q. Okay. Did you testify as a fact witness,  
5 or were you the Corporate representative for  
6 EQT --  
7 A. I --  
8 Q. -- in any of these cases?  
9 A. I was the Corporate representative for  
10 the Texas matter.  
11 Q. On what topics were you testifying on  
12 behalf of EQT?  
13 A. For the Texas matter, it was -- the case  
14 was involving whether the property had profit,  
15 proceeds of -- I'm trying to think of the term.  
16 Whether the well was profitable or not.  
17 Q. Paying quantities?  
18 A. Paying quantities, that's it.  
19 Q. Okay. And were there any other witnesses  
20 that testified on behalf of EQT as the Corporate  
21 representatives in that case, or were you the only  
22 one?  
23 A. I believe I was the only one.  
24 Q. Okay. Now, in Hamrick and Leggett, were

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1 you the Corporate representative on any issues  
2 there, or were you a fact witness?  
3 A. Fact witness.  
4 Q. Okay. So besides Hamrick, Leggett, and  
5 the Texas case, have you testified in any other  
6 matters?  
7 A. There was a matter where EQT was the  
8 plaintiff, and that was what we refer to as a  
9 journey matter.  
10 Q. J-O-U-R-N-E-Y --  
11 A. Uh-huh.  
12 Q. -- journey? What court was that in?  
13 A. I'm not quite sure.  
14 Q. Okay. Where did you give your testimony?  
15 A. In Pittsburgh.  
16 Q. Do you know who the defendants were in  
17 that matter?  
18 A. I can't remember the name of that either.  
19 Q. Were you the 30(b) Corporate designee, or  
20 were you a fact witness in that?  
21 A. I believe I was a fact witness in that  
22 one as well.  
23 Q. Just basically the -- the substance of  
24 your testimony, can you summarize that for me in

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1 the -- in the journey case?  
2 A. Right. So EQT was sued because there was  
3 a trespassing issue, and the defendant -- then we  
4 went back because they were the ones who drew up  
5 the leases --  
6 Q. Uh-huh.  
7 A. -- originally, so we were going back to  
8 them to try to recover some -- some of that  
9 liability.  
10 Q. Okay. So were there two cases, or did  
11 EQT counter-sue the plaintiffs?  
12 A. No. It was the -- so EQT was sued --  
13 Q. Uh-huh.  
14 A. -- and there was a settlement based off  
15 of that where there was a trespass issue.  
16 However, we relied on the draw the -- drawing the  
17 leases from another company --  
18 Q. Okay. So --  
19 A. -- which was --  
20 Q. -- so there was a --  
21 A. Not related.  
22 Q. -- a third party --  
23 A. A third party, right.  
24 Q. -- that EQT then sued?

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1 A. Right.  
2 Q. I understand now. Any other matters in  
3 which you've given testimony?  
4 A. I was -- I testified in court on a  
5 Kentucky matter, which was Big Sandy.  
6 Q. And I think we were off record, you said  
7 that lasted about four minutes?  
8 A. No. That one actually lasted a little  
9 bit longer.  
10 Q. Okay.  
11 A. And then there was -- I was called back  
12 to Kentucky for a different matter. It was a  
13 bankruptcy issue with Magnum Hunter.  
14 Q. Oh, I think we're all familiar with the  
15 Magnum Hunter bankruptcy. With the Big Sandy,  
16 what was that one about?  
17 A. That one was -- well, we were -- they --  
18 we were paying gas royalties when they were only  
19 entitled to oil royalties.  
20 Q. Okay. So were -- was EQT a defendant in  
21 that case?  
22 A. Yes.  
23 Q. Do you recall the plaintiffs?  
24 A. Big Sandy.

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1 Q. And is Big Sandy like a mineral company  
2 or a land company?  
3 A. I think they're a mineral company.  
4 Q. Okay. Okay. Any other cases in which  
5 you've given testimony that you can recall?  
6 A. That is it.  
7 Q. I'm not going to belabor the procedure in  
8 that matter, then. You understand that you're  
9 under oath?  
10 A. Uh-huh.  
11 Q. And -- and you'll have to answer  
12 verbally, yes or no?  
13 A. Yes.  
14 Q. Okay. And -- and you understand that  
15 you've sworn to tell the truth and that I'm going  
16 to ask you questions?  
17 A. Yes.  
18 Q. And that I'm going to rely on the answers  
19 that you give me in this Case?  
20 A. Yes.  
21 Q. Let me just go back to a couple things.  
22 What was the gist of your testimony in the Hamrick  
23 case?  
24 A. It was to discuss the deductions and then

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1 also the issue of whether liquids -- or the -- or  
2 the NGLs not being paid to royalty owners.  
3 Q. Okay. And who was plaintiff's counsel in  
4 that case?  
5 MR. HENDRICKSON: It was Marvin  
6 Masters.  
7 MR. WINDOM: It was Marvin?  
8 MR. HENDRICKSON: Yeah.  
9 MR. WINDOM: And -- and he's also  
10 counsel in the Leggett case; is that right?  
11 MR. HENDRICKSON: Yes.  
12 MR. WINDOM: Okay. Are both those  
13 in Northern District?  
14 MR. HENDRICKSON: Yes.  
15 MR. WINDOM: Okay.  
16 MR. HENDRICKSON: One's in front of  
17 Judge Stamp. The other's in front of Judge  
18 Bailey.  
19 BY MR. WINDOM:  
20 Q. All right. Let me ask you about your  
21 education. Where did you go to high school?  
22 A. North Hills in Pittsburgh.  
23 Q. And after you graduated -- I presume you  
24 graduated high school?

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1 A. I did, and went on to La Roche College --  
2 Q. Okay.  
3 A. -- which is also in Pittsburgh.  
4 Q. Can you spell that for me?  
5 A. L-A-R-O-C-H-E.  
6 Q. Did you go to La Roche right after high  
7 school?  
8 A. Yes.  
9 Q. And did you get a degree from La Roche?  
10 A. Yes.  
11 Q. What degree did you get?  
12 A. In accounting.  
13 Q. What kind of degree did you get? Was it  
14 a --  
15 A. A bachelor's.  
16 Q. Bachelor's. Did you follow that up with  
17 any other schooling?  
18 A. No.  
19 Q. Did you work while you were at La Roche?  
20 A. Yes.  
21 Q. Okay. Did you do accounting work while  
22 you were at La Roche?  
23 A. Accounting work, yes.  
24 Q. Who for?

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1 A. Actually one of the professors at La  
2 Roche.  
3 Q. Okay. Did you do any oil and gas  
4 accounting while you were at La Roche?  
5 A. No.  
6 Q. After you graduated from La Roche, where  
7 did you work?  
8 A. It was a health care company --  
9 Q. Uh-huh.  
10 A. -- called Health Net. They were located  
11 in California, Woodland Hills, California.  
12 Q. And you were working out of Pittsburgh?  
13 A. I actually moved there.  
14 Q. Okay. So when you said you lived in  
15 Pittsburgh 40 years, those aren't 40 continuous  
16 years?  
17 A. Well, yes, that's true. I was only there  
18 for about three years. Two, three years.  
19 Q. And what did you do for Health Net?  
20 A. Just corporate accounting.  
21 Q. Did you take care of like accounts  
22 receivable and billings on medical issues?  
23 A. It was actually more balance sheet  
24 reconciliations.

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1 Q. When you say "balance sheet  
2 reconciliations," was that --  
3 A. Or I'm sorry, bank reconciliations, so  
4 bank accounts.  
5 Q. Did you do any auditing?  
6 A. No.  
7 Q. If there were issues with any bank  
8 reconciliations, did you take care of clearing  
9 those issues up, or did you send it to a  
10 controller or somebody that handled that matter  
11 for the company?  
12 A. It depends on the matter. If it was  
13 something that I could handle myself, I would, or  
14 I would have to take it up to primarily maybe the  
15 treasury department.  
16 Q. Okay. All right. After Health Net,  
17 where did you work?  
18 A. EQT.  
19 Q. When did you begin with EQT?  
20 A. That was in 2003.  
21 Q. What was your starting position with  
22 EQT in 2003?  
23 A. Staff accountant.  
24 Q. What were your jobs as staff accountant

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1 for EQT in 2003?  
2 A. I maintained mostly the payroll  
3 accounting.  
4 Q. How many employees did you maintain  
5 payroll for?  
6 A. I couldn't even take a guess. It was the  
7 entire Company.  
8 Q. Would you issue checks for the entire  
9 Company?  
10 A. No. I would actually -- more on the  
11 accounting side, where I'd reconcile to make sure  
12 that the labor was coded properly, any of the  
13 benefits that were paid out were reconciled with  
14 whatever was withheld versus what was paid to the  
15 benefits companies, the third parties.  
16 Q. Okay. Would you -- 401(k)s --  
17 A. Yeah. Again --  
18 Q. -- the --  
19 A. -- that was just the accounting for that,  
20 reconciling --  
21 Q. Okay.  
22 A. -- again, whether what was withheld was  
23 actually paid to the 401k company.  
24 Q. All right. Were you promoted from staff

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1 accountant at some point in time?  
2 A. Yes.  
3 Q. And when was that?  
4 A. That would have been in 2006.  
5 Q. What job did you take in 2006?  
6 A. That was a senior financial analyst.  
7 Q. What are the job duties of a senior  
8 financial analyst at EQT?  
9 A. At that time -- there's various. So at  
10 that time, I was moved from -- where the payroll  
11 accounting was, we call the shared services  
12 department, which is kind of like a Corporate  
13 accounting.  
14 It does all the accounting for all  
15 the business units.  
16 Q. Okay.  
17 A. When I was promoted, I was moved to the  
18 production accounting group as the senior  
19 financial analyst.  
20 Q. All right. I want to back up here for  
21 just a minute.  
22 A. Uh-huh.  
23 Q. You said that you were in the shared  
24 services department. Do I have that right?

Page 20

1 A. Correct.  
2 Q. Okay. And that's all business units at  
3 EQT?  
4 A. Correct. It does -- performs accounting  
5 for all those functions.  
6 Q. Okay. And that would be all the  
7 subsidiaries that are wholly owned by EQT?  
8 A. Correct.  
9 Q. And would that include EQT Gathering?  
10 A. It was Gathering, uh-huh.  
11 Q. Would that include EQT Energy?  
12 A. Correct.  
13 Q. Okay. How many subsidiary companies  
14 would you have worked for or been the senior  
15 financial analyst for at that time?  
16 A. So shared services, again --  
17 Q. Right.  
18 A. -- was more of a Corporate function, and  
19 then when I moved into production company, I've  
20 been there ever since.  
21 Q. Okay. And production company is just  
22 EQT Production?  
23 A. Correct.  
24 Q. Okay. You're not working for any of



Page 21

1 those other companies now?

2 A. No.

3 Q. Okay. So back between 2003 and 2006, how  
4 many companies would you have worked for?

5 A. Just one, which was the EQT Corporation.

6 Q. Right. But you -- so the shared services  
7 department, you only worked for EQT?

8 A. Correct.

9 Q. Okay.

10 A. There was more of a Corporate function,  
11 so we actually had our own separate company, if  
12 you will, and everything rolled into that one  
13 company.

14 Q. So in -- between 2003, 2006, you never  
15 performed any accounting functions for any of the  
16 subsidiary companies?

17 A. No. More on a Corporate level.

18 Q. All right. So in 2006, what were your  
19 job duties?

20 A. When I first moved into the production  
21 accounting group, I was responsible for revenue  
22 accounting.

23 So that was where we were accounting  
24 for the volumes that were produced and then sold,

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1 and then ensuring that our royalty owners were  
2 paid properly and distributing those checks.

3 Q. Okay. When you talk about volumes -- and  
4 there are some industry terms and I'm sure there  
5 are some accounting terms, and -- and they may or  
6 may not be the same.

7 A. Uh-huh.

8 Q. When you're talking volumes, how does gas  
9 get measured with EQT?

10 A. There is a meter at the wellhead.

11 Q. And --

12 A. It's an electronic meter.

13 Q. Okay. And does that meter measure  
14 Mcf, or does that meter measure some other unit?

15 A. It measures Mcf.

16 Q. Okay. Now, when we say Mcf, that's 1,000  
17 cubic feet of gas; is that right?

18 A. Uh-huh. Yes.

19 Q. Yes, okay. Now, when you pay royalties  
20 or --

21 MR. WINDOM: Strike that.

22 Q. When EQT pays royalties, EQT pays  
23 royalties not on the Mcf; is that right?

24 A. It is paid on a dekatherm or MMBtu.

Page 23

1 Q. Okay. And when we say MMBtu, that is a  
2 million British thermal units?

3 A. Uh-huh. Correct.

4 Q. Okay. And the MMBtu content of an Mcf of  
5 gas can vary from well to well; is that right?

6 A. I'm pretty sure, yeah. I mean, I think  
7 it's pretty much similar in the area, but it could  
8 be from one area -- more area to area.

9 Q. Okay. So when you were working in  
10 revenue accounting in 2006 and you were paying  
11 royalty on volumes, was there a calculation that  
12 was made to determine what that value was, or did  
13 EQT only pay on the Mcf?

14 A. No. There -- there is a determination.

15 There's a Btu factor. I'm not exactly sure how  
16 that's figured out, but it's -- I don't know if  
17 there's a separate measurement there as well that  
18 comes up with the MMBtu, but there's a -- the  
19 higher Btu content.

20 And then to allocate it back down to  
21 the Mcf level, there's that Btu factor applied.

22 Q. Okay. So when you're dealing with --  
23 some gas burns hotter, I think --

24 A. Right.

Page 24

1 Q. -- they determined; is that right?

2 A. Right.

3 Q. So 1,000 cubic feet of gas that has a  
4 higher content would pay more than a similar  
5 volume of gas with a lower Btu content?

6 A. Correct.

7 Q. And your calculation that you used in  
8 revenue accounting would account for that change  
9 in Btu content?

10 A. Correct.

11 Q. Do you know where the MMBtu content of  
12 the gas is determined?

13 A. I can't say that for sure.

14 Q. Do you know if it's determined at the  
15 well site?

16 A. I would imagine it would have to be.

17 Q. And is there a report that you all would  
18 get that would explain or tell you what the  
19 MMBtu content for that particular gas was?

20 A. I can't say there's actually a report,  
21 but we would probably get that information from  
22 our gas measurement team.

23 Q. Okay. And a gas measurement team would  
24 then send you the calculation to use to create the

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1 royalty?

2 A. Yes.

3 Q. And who at EQT is in charge of the gas  
4 measurement team?

5 A. His name's Dave Bindsiel.

6 Q. B-E --

7 A. B-I-N-D-S-E-I-L.

8 Q. B-I-N-D-S-E-I-L?

9 A. Uh-huh.

10 Q. And where does Dave work?

11 A. In Pittsburgh.

12 Q. Same office you work in?

13 A. Yes.

14 Q. How long has he been with EQT? Do you  
15 know?

16 A. Probably longer than I have. I can't say  
17 for sure how many years, though.

18 Q. Now, once you -- once you have a value of  
19 the MMBtu and -- and can make your royalty checks,  
20 did -- were you in charge of -- of writing those  
21 checks?

22 A. We would put them through a system, and  
23 the system would generate it automatically.

24 Q. Now, when you say you would put them

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1 through a system, what kind of system would you  
2 put them through?

3 A. It's called Enertia, E-N-E-R-T-I-A.

4 Q. And the Enertia system, is that

5 proprietary software that EQT has developed, or is  
6 it a program --

7 A. It's a --

8 Q. -- in the oil and gas industry?

9 A. Correct. It's a program, oil and gas  
10 industry.

11 Q. Do you know how long EQT has been using  
12 the Enertia system?

13 A. Since 2001.

14 Q. Tell me -- if you would, just walk me  
15 through. You get a calculation of the dekatherms  
16 in a given unit of -- of gas. What would you do  
17 then from that point to a check is produced and  
18 ready to go to the royalty owner?

19 A. So the process is -- it's twofold.

20 There's a production allocation and then the  
21 revenue allocation.

22 So the production allocation, after  
23 the month is closed, which is typically on a -- on  
24 a one-month lag, those volumes, the produced

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1 volumes at the wellhead and the volumes sold at  
2 the sales meter, sales point, those -- that  
3 information is in a system called FlowCal,  
4 F-L-O-W-C-A-L, which is maintained by our gas  
5 measurement team.

6 Q. Okay.

7 A. So those volumes are interfaced into  
8 Enertia.

9 Q. Okay.

10 A. What the production allocation process  
11 does within Enertia is that it takes the sales  
12 meter, which all those wellhead meters are -- are  
13 connected to, and it allocates back to each  
14 individual well based on its production.

15 Q. Okay. So those are sub-meters, I guess  
16 is the -- the way that it's termed in the oil and  
17 gas industry. Would you agree with that?

18 A. Well, it's a -- each -- each well would  
19 have its own individual wellhead meter, and they  
20 all flow into one sales point, and that would be a  
21 sales meter.

22 Q. Okay. And where are the sales meters  
23 typically located?

24 A. I can't say that for sure.

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1 Q. Okay. You don't know if they're on the  
2 lease or at some other point within --

3 A. It would really just be where the  
4 gathering point is.

5 Q. Okay. So there is gas that's fed through  
6 a meter on the well site --

7 A. Uh-huh.

8 Q. -- at each well?

9 A. Correct.

10 Q. And then some point down the road there's  
11 a sales meter, and we don't know the distance  
12 between the -- the wellhead meters and the sales  
13 meter?

14 A. Yeah. I'm not sure.

15 Q. And that can vary?

16 A. It could probably vary.

17 Q. Now, you had indicated that there were  
18 produced volumes versus volumes sold.

19 A. Uh-huh.

20 Q. Why would there be different volumes  
21 produced versus sold?

22 A. Well, each well would have its own  
23 measurement, whereas the sales point has a  
24 collective measurement.

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1 Q. Okay. So you're -- when you're saying  
2 volumes sold, that could be the volumes from 100  
3 wells or 10 wells?

4 A. Correct.

5 Q. You're not including line loss or those  
6 types of things in there?

7 A. There could potentially be some line  
8 loss, but with the newer Marcellus wells, there  
9 typically is none.

10 Q. Now, let me ask you this: If you go --  
11 let's say you have 10 wells that are run through  
12 10 meters, and those 10 wells are sold through 1  
13 sales meter.

14 A. Uh-huh.

15 Q. If the volume from those 10 individual  
16 wells do not add up or -- or exceed the volume  
17 that goes through the sales meter, then there's  
18 been a loss or shrinkage or some volume that is  
19 not calculated for that sales meter, correct?

20 A. Correct.

21 Q. How is that allocated by EQT? Is it per  
22 well?

23 A. It's based on production. So we have a  
24 value of what we got paid per dekatherm at the

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1 sales meter. Then that gets allocated down to the  
2 well level based on the production of each well.

3 Q. So it's based on --

4 A. So it gets --

5 Q. -- a percentage?

6 A. Yes.

7 Q. Okay. So it's not -- if you lose 100  
8 dekatherms and you have 10 wells, it's not 10  
9 dekatherms per well?

10 A. Correct.

11 Q. You would actually divide it out. If one  
12 well's making twice as much, it would get twice as  
13 much of the loss?

14 A. Correct.

15 Q. Okay. So back to our check creation.

16 A. Okay. So once we run through that  
17 process, we've determined how much of those sold  
18 volumes should get allocated to each individual  
19 well.

20 Q. Okay.

21 A. I'm sorry. I should -- not volume, but  
22 the value. So we know a value of what we --

23 Q. Okay.

24 A. -- what EPC got paid.

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1 MR. HENDRICKSON: Excuse me.

2 A. Then once it through -- runs through that  
3 production allocation, we move onto the revenue  
4 allocation, where then Enertia will look at the  
5 individual owners on each of those wells.

6 Q. And I'll get to that a little bit  
7 later --

8 A. Uh-huh.

9 Q. -- because I know there's a -- with  
10 horizontal wells, there's a calculation that has  
11 to be done on -- on the owners as opposed to -- if  
12 you just have one well on one lease and it's the  
13 vertical well --

14 A. Oh, correct.

15 Q. -- the horizontal wells take a  
16 different --

17 A. Correct.

18 Q. -- method of accounting; is that right?

19 A. It's based on ownership, yeah, on each  
20 individual well. I don't think it's a separate  
21 accounting. It's just ownership level.

22 Q. Okay. So when you say the -- the value  
23 sold per well, that's based on the dekatherm?

24 A. Correct.

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1 Q. Okay. And you say what EPC was paid.  
2 EPC is?

3 A. Equitable Production Company.

4 Q. Okay. And --

5 A. Or EQT Production Company. Sorry.

6 Q. When EPC is paid, do you get a statement?  
7 Are you able to look at that and see what EPC was  
8 paid?

9 A. Yeah. So EE, Equitable Energy, pays EPC,  
10 and on a monthly basis we will get what we call a  
11 wire file that lists every meter and the value of  
12 what EE is paying EPC.

13 Q. And that information is then put into the  
14 Enertia?

15 A. Correct.

16 Q. And then Enertia makes a calculation out  
17 to the royalty owners?

18 A. Correct.

19 Q. At -- tell me what happens next.

20 A. So once it goes through again that  
21 production allocation process, we have a value and  
22 a volume for each well. Then it -- when it runs  
23 through the revenue allocation process, that's  
24 where it gets down to the owner level.



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1 So each well will have what we call a  
2 deck, which contains all the division order  
3 interest information.  
4 **Q. Okay.**  
5 A. So each deck will list all the owners  
6 that have interest in that well. What Enertia  
7 does is it takes that value and the volume and  
8 allocates it to each individual owner based on  
9 their interest specified in that deck.  
10 **Q. So once it goes into Enertia, is there**  
11 **any way for Kristy Toia or anybody else to change**  
12 **the values that are in that system?**  
13 A. No. We actually have some auditing where  
14 they've tested that we cannot manipulate any of  
15 those calculations.  
16 **Q. Now, let me ask you this: Do you rely on**  
17 **the accuracy of Enertia?**  
18 A. Yes.  
19 **Q. Do you believe in -- you're using Enertia**  
20 **since, I think you said, 2001?**  
21 A. Yes.  
22 **Q. That -- that you believe that it is**  
23 **accurate?**  
24 A. Yes. And again, we've had internal and

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1 external auditing on the system.  
2 **Q. Have -- during the internal and external**  
3 **auditing, have there been any issues identified**  
4 **with the Enertia system?**  
5 A. No.  
6 **Q. So how is a check then created?**  
7 A. So once the revenue allocation process is  
8 completed, the -- all the funds go into an  
9 automatic suspense.  
10 And then after -- after we close,  
11 which is typically the end of the -- each month,  
12 ten days later, usually by ten business days, I  
13 should say, then we distribute and cut the royalty  
14 checks.  
15 **Q. Okay. So the -- the monies are held for**  
16 **ten days until the checks can be created?**  
17 A. Correct.  
18 **Q. Is there usually a certain time in the**  
19 **month when those checks are created?**  
20 A. It's usually by the tenth -- tenth  
21 business day.  
22 **Q. And the volumes that are sold, the -- the**  
23 **price is based on an index price; is that correct?**  
24 A. Correct. First of the month index price.

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1 **Q. And what index price does EQT use?**  
2 A. It varies. It depends on -- the  
3 interstate pipeline and where that gas is  
4 delivered to will depend on what index price we  
5 use.  
6 **Q. So if you're selling to Dominion, it**  
7 **might be different than if you're selling to**  
8 **another company, for instance Columbia --**  
9 A. Correct.  
10 **Q. -- is that right?**  
11 A. Yes.  
12 **Q. And -- and each company may use a**  
13 **different index price of what they pay for their**  
14 **gas?**  
15 A. I'm assuming so.  
16 **Q. Okay.**  
17 A. I'm not quite sure the intricacies of  
18 that.  
19 **Q. So you can't say that the first of the**  
20 **month everybody gets paid X number of dollars per**  
21 **dekatherm, that it would vary depending on where**  
22 **the wells are located?**  
23 A. It's -- correct. Actually, not where the  
24 wells are located, but where the sales point is,

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1 where the gas is delivered to.  
2 **Q. Okay. How many sales points do you know**  
3 **of -- does EQT have?**  
4 A. Area-wide, it is probably about ten  
5 different prices, but for Marcellus, it mostly  
6 goes into M2.  
7 **Q. Okay. Who is M2? Good question?**  
8 A. Yeah.  
9 MR. HENDRICKSON: If she knows,  
10 yeah. If she knows.  
11 MR. HASTINGS: TETCO.  
12 MR. WINDOM: TETCO? Okay.  
13 MR. HASTINGS: T-E-T-C-O. Texas  
14 Eastern, I think.  
15 **Q. And do you know where the -- the sales**  
16 **point is for M2?**  
17 A. I'm not quite sure where it's located,  
18 no.  
19 **Q. Is it in West Virginia? Do you know?**  
20 A. I'm not sure.  
21 **Q. Okay. So if I have a vertical well in --**  
22 **in West Virginia that EQT may have had that --**  
23 **that's 50 years old, that gas may be sold, even if**  
24 **it's on the same lease, to a different company**

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1 than Marcellus gas from the same lease; is that  
2 right?  
3 A. Possibly.  
4 Q. And I would say they probably certainly  
5 go into different pipelines. I don't know if you  
6 know that or not but --  
7 A. Yeah. I'm sure.  
8 Q. All right. So let's get back to your  
9 experience here for a minute with -- with EQT and  
10 -- and your employment history. We sort of got  
11 off track. What was your next promotion at EQT?  
12 A. From there, I was moved to assistant  
13 controller.  
14 Q. What year was that?  
15 A. I'm going to say maybe in 2009.  
16 Q. Okay. So you worked about --  
17 A. 2010?  
18 Q. -- three years and then got promoted to  
19 assistant controller? Another three years, I  
20 guess.  
21 A. I would say maybe more like five years --  
22 Q. Okay.  
23 A. -- was to assistant controller.  
24 Q. Okay. And I believe --

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1 MR. HENDRICKSON: But you believe by  
2 2011?  
3 THE DEPONENT: Yeah.  
4 Q. Yeah. Your prior testimony was that you  
5 were -- you were a senior financial analyst in  
6 2006 --  
7 A. Correct.  
8 Q. -- so it would have been about 2011,  
9 then?  
10 A. Correct.  
11 Q. Okay. And how long were you the  
12 assistant controller?  
13 A. For three years.  
14 Q. What were your job duties as assistant  
15 controller?  
16 A. So I was still under production  
17 accounting, but the assistant controller for the  
18 accounting group, and I moved out of the revenue  
19 accounting and did more of general accounting,  
20 financial reporting.  
21 Q. Okay. When you say general accounting  
22 and financial reporting, is that more --  
23 A. It's more on expenses, SG&A expenses.  
24 Q. Okay. When you say "SG&A expenses" --

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1 A. Salaries, general, and administrative  
2 expenses. We -- I analyzed LOE, which is the  
3 lease operating expenses.  
4 Q. Okay. When you say "lease operating  
5 expenses," those are fuel --  
6 A. These are actually expenses incurred for  
7 operating a well.  
8 Q. Right. And that would be -- a vertical  
9 well versus a horizontal well, you -- you handled  
10 all those, or would --  
11 A. Yes.  
12 Q. Okay. And if that included tubing that  
13 needed to go out to a well, you would handle the  
14 accounting on that?  
15 A. Correct.  
16 Q. What about labor?  
17 A. Yeah. That would be part of either --  
18 depending on if it was a well operator, that would  
19 fall under the LOE expenses. If it was like my  
20 salary or engineers, that would fall under SG&A.  
21 Q. Okay. So if a truck -- let's say you all  
22 had to hire a truck to go out and -- and swab a  
23 well. Would that go under the lease expense?  
24 A. Yes. And then we also -- or I also

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1 handled or oversaw the capital expenses. So these  
2 are costs relating to actually drilling the wells.  
3 Q. And that was for vertical and Marcellus?  
4 A. Correct.  
5 Q. Were they drilling -- was EQT drilling  
6 many vertical wells in 2011?  
7 A. I would say none at that point.  
8 Q. And the capital expenses for drilling a  
9 Marcellus well, would that be basically from the  
10 time the landman went out to try and acquire the  
11 lease all the way through getting it produced and  
12 starting to get it into the line?  
13 A. Correct.  
14 Q. Did you have any other job duties in  
15 2011?  
16 A. No.  
17 Q. Okay. As the assistant controller?  
18 A. Correct.  
19 Q. And your next promotion you said was  
20 about three years later?  
21 A. Correct. So I believe then it would have  
22 been 2014 time frame --  
23 Q. Uh-huh.  
24 A. -- where I moved into my current role,

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1 which is director of revenue accounting.  
2 **Q. So did you sort of circle back to where**  
3 **you were in --**  
4 A. Yes.  
5 **Q. -- 2006?**  
6 A. Yes.  
7 **Q. Okay. Back to royalty distributions?**  
8 A. Yes.  
9 **Q. Had the system for royalty payments**  
10 **changed during the time that you had -- had been**  
11 **working with the leases and the capital expenses**  
12 **and those types of things, or had it pretty much**  
13 **stayed the same from when you were there in 2006?**  
14 A. Stayed the same.  
15 **Q. You didn't have to learn new tricks or**  
16 **anything --**  
17 A. No.  
18 **Q. -- when you went there? And you've been**  
19 **in that same job now I guess a little over three**  
20 **years?**  
21 A. Yeah. Yes.  
22 **Q. How many employees do you oversee?**  
23 A. I currently have one direct report, who  
24 then has five employees.

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1 **Q. Are they all accountants?**  
2 A. Yes.  
3 **Q. So you have six people under you**  
4 **directly?**  
5 A. Yes.  
6 **Q. And who did you report to at EQT?**  
7 A. The controller of production. His name  
8 is Jeff Mitchell.  
9 **Q. What does the controller of production**  
10 **do?**  
11 A. He -- he will oversee really all of  
12 production accounting, which includes all the  
13 revenue accounting, and then the general  
14 accounting, like I mentioned when I was assistant  
15 controller.  
16 **Q. So who's the person that reports directly**  
17 **to you?**  
18 A. Her name is Megan Hillman (phonetic).  
19 **Q. And what's Megan's job?**  
20 A. She's basically my sidekick. We kind of  
21 work together closely, but she has more of the  
22 direct reports that are doing the actual  
23 processing that go to her.  
24 And then I -- we help each other out,

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1 you know, trying to figure out issues if we have  
2 any.  
3 **Q. So the five employees that are -- are**  
4 **below Megan, what exactly do they do on a daily or**  
5 **monthly basis as far as revenue is concerned?**  
6 A. We -- the way we have things organized is  
7 by district, so Marcellus is a district versus  
8 non-Marcellus. We have a Virginia District,  
9 Kentucky.  
10 Each individual has their own, and  
11 they're responsible for that closing process, like  
12 I had mentioned with the production allocation,  
13 revenue allocation.  
14 Then during -- we have a financial  
15 close after that where we have to record  
16 everything in our general ledger, reconcile that  
17 information, that data. And then they have  
18 various functions within -- during the month that  
19 they could be responsible for.  
20 **Q. Which employee's in charge of the**  
21 **Marcellus District?**  
22 A. Her name is Samantha Ritter.  
23 **Q. R-I-T-T-E-R?**  
24 A. Yes.

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1 **Q. And she would be the person who is taking**  
2 **care of the -- the Richards' lease, for instance,**  
3 **where the -- the Marcellus revenue is being**  
4 **created?**  
5 A. Correct.  
6 **Q. So with regards to the -- the Richards'**  
7 **lease in Ritchie County, West Virginia, Samantha**  
8 **Ritter would get some data, and would she enter it**  
9 **into the Enertia system?**  
10 A. As I mentioned before, it's pretty much  
11 all interfaced, so the -- that information comes  
12 from FlowCal, the volume information.  
13 We get the pricing information or the  
14 value information from EE when they make the  
15 payment to us, and Samantha would be responsible  
16 for basically loading by meter what that value is.  
17 And then she would just basically --  
18 we call it walk the buttons. You just push  
19 buttons and it runs through that process.  
20 **Q. It --**  
21 A. So it's pretty much all -- all automatic.  
22 **Q. When -- when you say "push buttons," is**  
23 **there a big control panel that you're pushing, or**  
24 **is it a computer --**

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1 A. Click of a mouse.  
2 Q. -- keyboard? Okay.  
3 MR. HENDRICKSON: It's NASA.  
4 MR. WINDOM: Right. That could get  
5 us to the moon, right? I mean --  
6 Q. Okay. The royalty statements that are  
7 created by EQT, does anybody spot check those or  
8 go through and -- and double check the numbers  
9 that are created or --  
10 A. No.  
11 Q. They'll just get stuffed in an envelope  
12 and shot out to the owner?  
13 A. We actually have a third party that does  
14 that for us.  
15 Q. Okay. And who's that third party?  
16 A. Mellon Bank.  
17 Q. Now, Mellon Bank, do they actually create  
18 the check, or is the check created by EQT and then  
19 shipped to Mellon?  
20 A. Mellon creates the check and the  
21 remittent statement.  
22 Q. And the remittent statement is what has  
23 the volumes and the prices and so forth --  
24 A. Correct.

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1 Q. -- right? Is that done in Pittsburgh?  
2 Do you know?  
3 A. I believe so.  
4 Q. And Mellon doesn't have any way to  
5 manipulate or change the values that are in those  
6 checks?  
7 A. No.  
8 Q. Okay. They just get the data, put it  
9 into the -- the check writing software, and write  
10 the --  
11 A. Correct.  
12 Q. -- checks?  
13 A. Correct. We extract data from Enertia,  
14 and then it gets sent to Mellon through a secured  
15 type of site.  
16 Q. What kind of data can be put into the  
17 Enertia system exactly? I mean, how many  
18 different fields are there in the Enertia system?  
19 A. I don't know how to answer that. There's  
20 quite a few, because we also use Enertia for our  
21 land administration, DI (phonetic) information, so  
22 there's a lot of attributes that go along with  
23 owners, wells, meters. I don't know how to even  
24 start explaining.

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1 Q. Okay. Well, let's just talk about  
2 royalty of oil and gas ownership.  
3 And if I am a royalty opener and  
4 you're going to pay me for volumes sold on a  
5 Marcellus well that I have on my farm, the data  
6 that would be critical to me in that Enertia  
7 system would be, of course, the volume sold, and  
8 that comes through FlowCal, right?  
9 A. Uh-huh. Correct.  
10 Q. And actually we -- we -- I said volume,  
11 and that's not correct. The -- the value for the  
12 dekatherm.  
13 A. Well, it is volume.  
14 Q. Okay.  
15 A. Yeah. From FlowCal.  
16 Q. So FlowCal sends a volume, and then you  
17 get the conversion rate?  
18 A. Correct.  
19 Q. Okay. And -- and that's entered into the  
20 system as well?  
21 A. Correct.  
22 Q. And you get the payment value from EE,  
23 correct?  
24 A. Correct.

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1 Q. And that's entered into Enertia?  
2 A. Correct.  
3 Q. And then you have -- what other  
4 information is entered into Enertia at that point?  
5 A. On the revenue accounting side, there  
6 would be none.  
7 Q. Okay. As far as expenses, are there any  
8 expenses that are entered into the Enertia system?  
9 A. Oh, yes, there would be.  
10 Q. Okay. What are those?  
11 A. It would be really any -- any of the  
12 gathering charges or any charges relating to  
13 gathering and getting the gas to market.  
14 Q. Okay. What are -- typically what are  
15 those charges?  
16 A. It varies. It depends on the area, and  
17 this -- and -- it's what EE charges EPC.  
18 Q. Okay. What about severance taxes? Are  
19 those included in the Enertia system?  
20 A. That is, yes.  
21 Q. Okay. Who puts that data into the  
22 Enertia system?  
23 A. We establish that from our tax  
24 department. They will let us know what those tax



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1 rates are, and we will create what is called a tax  
2 deduct.  
3 And so depending on the state, we put  
4 in whether it's a percentage on volume or  
5 percentage on value that gets established from us  
6 in Enertia.  
7 **Q. Okay. So that's just a formula that's in**  
8 **a field there, and then it calculates itself?**  
9 A. Correct.  
10 **Q. Populates the -- the remittent statement?**  
11 A. Correct.  
12 **Q. Now, as far as the -- the other expenses**  
13 **that are included, you said gathering is included**  
14 **on a royalty statement --**  
15 A. Correct.  
16 **Q. -- as an expense. What other expenses do**  
17 **you know of would be entered into the Enertia**  
18 **system for inclusion in a royalty check?**  
19 A. There would be no -- no other.  
20 **Q. Okay. Now, who at EQT would be**  
21 **responsible for entering that expense data into**  
22 **the Enertia system?**  
23 A. On an annual basis, we will receive a  
24 rate from our Midstream Planning group, which gets

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1 updated usually by the end of January -- January  
2 of each year, which is then used for the following  
3 year.  
4 **Q. Okay. So that -- is that an estimate**  
5 **then that you work from, or is that --**  
6 A. No. It's a rate that is provided from  
7 Midstream Planning. I'm not sure everything  
8 that's involved in that rate or how that rate is  
9 calculated, but they give us that rate and that's  
10 what we put in the system.  
11 **Q. Okay. So is that gathering rate**  
12 **consistent throughout the calendar year?**  
13 A. Yes.  
14 **Q. And is it based on Mcf or is it based on**  
15 **dekatherm? How -- how do they create that value?**  
16 A. It's based on dekatherm, and it can be  
17 converted to Mcf.  
18 **Q. Using a reverse calculation --**  
19 A. Correct.  
20 **Q. -- based on the dekatherms?**  
21 A. Correct.  
22 **Q. And we were using initials EE. That's**  
23 **EQT Energy, LLC?**  
24 A. Correct.

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1 **Q. Is that, as far as you know, the only**  
2 **company that is buying Marcellus gas in -- in West**  
3 **Virginia?**  
4 A. As far as I know.  
5 **MR. HENDRICKSON: Would you clarify**  
6 **that? I don't really understand the question.**  
7 **Q. Okay. You said that -- that EE sends you**  
8 **the value?**  
9 A. Uh-huh.  
10 **Q. Is there any other company that sends you**  
11 **any values on the Marcellus gas?**  
12 A. No.  
13 **Q. Okay.**  
14 **MR. HENDRICKSON: I'm sorry. I**  
15 **didn't --**  
16 **Q. So --**  
17 **MR. HENDRICKSON: -- understand the**  
18 **question.**  
19 **Q. -- would EE -- EQT Energy, LLC, be the**  
20 **only company that is buying that gas?**  
21 A. Yes.  
22 **Q. Who does EE sell their gas to? Is it**  
23 **directly to TETCO?**  
24 A. I can't answer that. I just know that

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1 they purchase the gas at the wellhead from EPC.  
2 From where it goes there --  
3 **MR. HENDRICKSON: That's not in her**  
4 **daily routine.**  
5 **MR. WINDOM: Understand.**  
6 **Q. Now, when you're dealing with a vertical**  
7 **well, you're only dealing with the lease acreage**  
8 **for that vertical well and -- and those particular**  
9 **owners; is that right?**  
10 A. That's not my area of expertise, but I  
11 would say yes.  
12 **Q. Okay. In a -- in a horizontal well,**  
13 **those wells can sometimes go 2 or 3 miles**  
14 **horizontally; is that right?**  
15 A. I believe so, yeah.  
16 **Q. You have exponentially more owners in**  
17 **that well?**  
18 A. Correct.  
19 **Q. Now, how does EQT determine how an**  
20 **individual royalty owner would be paid on a well**  
21 **that encompasses maybe 1,280 acres?**  
22 A. I can't answer that. That is all work  
23 that's performed in our land administration  
24 department.

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1 Q. How is that data, that ownership  
2 interest, how is it determined? Do you know?  
3 A. I do not know. Again, land  
4 administration handles all of that --  
5 Q. And --  
6 A. -- and they enter that into Enertia.  
7 Q. And who would be the person in land  
8 administration that could tell me more about that?  
9 A. Mike Barbour. B-A-R-B-O-U-R.  
10 Q. So does the accounting department get a  
11 value from the land administration department, or  
12 is it just put into Enertia and you're relying  
13 what's put into Enertia?  
14 A. We just rely what's put in Enertia by  
15 land administration.  
16 Q. Is that done through a division order?  
17 A. Correct.  
18 Q. Who creates that division order?  
19 A. That's part of the land administration.  
20 Q. Okay. You're relying on their work as  
21 far as that division order's concerned?  
22 A. Correct.  
23 Q. And who would -- who would check the  
24 accuracy, if anyone, at EQT on whether or not

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1 those division orders are correct?  
2 A. That would be Mike Barbour.  
3 Q. Do you know what Mike's education  
4 background is?  
5 A. I do not.  
6 Q. You would agree with me that the royalty  
7 that is paid to an individual oil and gas owner is  
8 determined by the -- the lease language?  
9 A. Yes.  
10 Q. And you would agree with me that there  
11 can be different royalty percentages in a unit?  
12 For instance, if I have an old lease, that may be  
13 12-and-a-1/2 percent, correct?  
14 A. Yes.  
15 Q. And if I have a newer lease, it may be 17  
16 or 18 percent?  
17 A. Perhaps.  
18 MR. HENDRICKSON: That's kind of  
19 getting out of her daily routine. I mean, she's  
20 not really here to interpret leases. She can tell  
21 you how they pay the checks once, you know, she  
22 gets the information from Enertia.  
23 MR. WINDOM: She -- she understood,  
24 I think, and she answered that -- that was

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1 correct. So I mean, I'm just asking her --  
2 MR. HENDRICKSON: Okay.  
3 MR. WINDOM: -- if -- if she knows  
4 these things.  
5 Q. And you would agree with me that -- that  
6 the division order --  
7 MR. WINDOM: Well, strike that.  
8 Q. You don't know about division orders --  
9 A. No.  
10 Q. -- and you don't create those. Okay.  
11 You would agree that a lease is a binding  
12 contract, though, between --  
13 MR. HENDRICKSON: Again --  
14 Q. -- the lessor and the lessee?  
15 MR. HENDRICKSON: -- you're asking  
16 her to make a legal conclusion on that. I mean,  
17 that's not what she's here for.  
18 A. Yeah. I can't answer that.  
19 MR. HENDRICKSON: She's not here as  
20 a 30(b) witness. She's here as a fact witness to  
21 testify about what she -- what she does in her --  
22 in her job. I mean, that's not -- that's not  
23 daily routine.  
24 Q. Do you know if a lease would be a binding

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1 contract between a lessor and a lessee?  
2 A. I really can't answer that.  
3 Q. Okay.  
4 A. I don't have that background.  
5 Q. Do you know whether or not EQT operates  
6 leases that are 100 years old?  
7 A. I do not know.  
8 Q. Do you agree with me that it would be  
9 improper for EQT to pay a royalty which is less  
10 than what is stated in a lease?  
11 A. I can't answer that either.  
12 Q. How are NGLs calculated by the revenue  
13 department or the accounting department?  
14 A. Those are paid to EE, so EPC does not  
15 record any sort of revenue generated from NGLs.  
16 Q. Okay. So EQT Production gets no revenue  
17 from NGLs?  
18 A. No. Those revenues belong to EE.  
19 Q. When EE gets profits from NGLs, do you  
20 know who those are paid to?  
21 A. EE.  
22 Q. And EQT is the owner of EE?  
23 A. Correct.  
24 Q. Is there -- in revenue accounting, you --

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1 you said that you were in that portion of  
2 accounting that kind of handled all of the EQT  
3 subsidiaries in 2003; is that right?  
4 A. That was for payroll accounting, correct.  
5 Q. Just for payroll?  
6 A. Correct.  
7 Q. Okay. For revenue accounting, is there a  
8 similar part of the accounting department that  
9 handles revenue for EE in the same building where  
10 you are?  
11 A. Yes, there is. And we do see those  
12 statements in the production company.  
13 Q. Okay. So you see the EE statements?  
14 A. Yes.  
15 Q. And you know that EE gets paid for NGLs?  
16 A. Correct.  
17 Q. You just know that it doesn't come to  
18 EQT directly?  
19 MR. HENDRICKSON: Object to the form  
20 of the question.  
21 Q. You see the statements where EE is paid  
22 for NGLs?  
23 A. Correct.  
24 MR. HENDRICKSON: Which EQT are you

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1 talking about, Scott?  
2 Q. EQT Production Company does not get paid,  
3 but you see the EE statements that come in?  
4 A. Yes.  
5 Q. Who pays EE for the NGLs?  
6 MR. HENDRICKSON: I don't think she  
7 would know that. That's not --  
8 MR. WINDOM: Well, she's seen --  
9 she's seen the statements. If she knows, then she  
10 can testify to it.  
11 A. So West Virginia, we have MarkWest that  
12 processes liquids for EE, and also Williams.  
13 Q. And does MarkWest send a monthly  
14 statement to EE for the NGLs?  
15 A. Yes.  
16 Q. Okay. And does Williams do the same?  
17 A. Yes.  
18 Q. Ultimately, if EQT Energy, LLC, makes a  
19 profit at the end of the year, do you know where  
20 that money goes?  
21 A. No. I mean, it's Corporate. To the  
22 Corporation, I would assume.  
23 Q. You say it goes to the Corporation?  
24 A. EQT Corporation.

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1 Q. Are you familiar at all with lease  
2 modifications?  
3 A. No.  
4 DEPOSITION EXHIBIT NO. 1  
5 (Remittance Statement, Owner No.  
6 255953, Check No. 1772696, was  
7 marked for identification purposes  
8 as Deposition Exhibit No. 1.)  
9 MR. WINDOM: Mark this as Exhibit 1,  
10 please.  
11 MR. HENDRICKSON: Thank you, sir.  
12 MR. WINDOM: Yeah.  
13 Q. Ms. Toia, I'm going to hand you what has  
14 been marked for identification as Deposition  
15 Exhibit 1 of your deposition here today --  
16 A. Okay.  
17 Q. -- okay, and just ask you to look over  
18 that document and tell me when you've had a chance  
19 to review it.  
20 A. Okay.  
21 Q. Have you seen a document similar to that  
22 before?  
23 A. Yes.  
24 Q. Okay. What is -- or what are the two

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1 documents that are combined to be Exhibit 1 to  
2 your deposition?  
3 A. They are both remittent statements.  
4 Q. Now, the owners are listed on those  
5 remittent statements; is that correct?  
6 A. Yes.  
7 Q. Now, the front page says Arnold K.  
8 Richards?  
9 A. Yes.  
10 Q. And the back page says Arnold K. Richards  
11 and Mary L. Richards?  
12 A. Yes.  
13 Q. And they have different owner numbers --  
14 A. Yes.  
15 Q. -- would you agree with that?  
16 A. Yes.  
17 Q. What is the owner number, and how is that  
18 created?  
19 A. That is a number that is just established  
20 when a new owner is created in the system, and  
21 it's just a random number.  
22 Q. Now, with regards to the -- the front  
23 page of that document, which is just the Arnold K.  
24 Richards, Owner No. 255953, I want to discuss that

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1 remittent statement with you if you don't mind.  
2 A. Okay.  
3 Q. Okay. I notice that all of these  
4 production dates were for November of 2016; is  
5 that correct?  
6 A. Looks correct.  
7 Q. And this document doesn't have a date on  
8 it that I can see, as far as when it was issued.  
9 A. Yeah.  
10 Q. It was probably on the check that was on  
11 the --  
12 A. Yeah.  
13 Q. -- bottom of the --  
14 A. I was going to say --  
15 Q. -- statement.  
16 A. Yeah.  
17 Q. Okay.  
18 A. Exactly.  
19 Q. So -- so I don't -- I don't have a date  
20 when this was issued, but --  
21 A. Uh-huh.  
22 Q. -- based on your testimony where it was  
23 usually a month behind and then it was ten days  
24 after that --

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1 A. Yes.  
2 Q. -- guess this was probably sometime in  
3 January of 2017. Would that seem reasonable?  
4 A. That would be reasonable.  
5 Q. Okay. Now, this remittent statement has,  
6 it looks like, five different wells listed; is  
7 that correct? Would that be your interpretation?  
8 A. Yes.  
9 Q. And those wells are identified by a  
10 six-digit code overtop of the production date?  
11 A. Yes.  
12 Q. And then below that production date is  
13 the November 2016 production -- or I'm sorry,  
14 below the well number is the production date for  
15 November 2016?  
16 A. Yes.  
17 Q. And then out from that, these all say  
18 gas. Would that mean that these were all sales of  
19 natural gas?  
20 A. Correct.  
21 Q. And there would be no oil, I don't guess,  
22 in this statement?  
23 A. Correct.  
24 Q. Now, what does the RI mean after the word

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1 "gas"?  
2 A. Royalty interest.  
3 Q. Now, if I am looking at the Enertia  
4 system when -- when this document is created, what  
5 data would be entered into the Enertia system as  
6 far as the well number, the production date?  
7 Would that all be in there already,  
8 or is that something that you all would have to  
9 enter on a monthly basis?  
10 A. No. That would already be in there.  
11 Q. Okay. Now, the decimal interest, is that  
12 the -- the royalty that they are paid?  
13 A. Yes.  
14 Q. And is that already entered in the  
15 Enertia system as well?  
16 A. Yes.  
17 Q. So those would -- would be constants in  
18 the system from month to month and year to year?  
19 A. Those are entered by land  
20 administration --  
21 Q. Okay.  
22 A. -- so we -- we don't make a determination  
23 whether they change or not.  
24 Q. Right. But certainly, unless there would

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1 be a change of ownership or some circumstance, you  
2 would expect that that 12-and-a-1/2 percent would  
3 be there all the time?  
4 A. Yes.  
5 Q. Okay. Now, as far as the -- the net  
6 price, do you see that?  
7 A. Yes.  
8 Q. What does net price mean?  
9 A. That's the price that was paid per  
10 volume.  
11 Q. Okay. Now, that -- that's not the gross  
12 price. That is the net price that includes the  
13 gathering and all those things or --  
14 MR. HENDRICKSON: Where are you  
15 seeing that? Oh, okay. I got it. I'm sorry. I  
16 apologize.  
17 A. I honestly can't answer that. I'd have  
18 to go back and calculate that.  
19 Q. Okay. And how would you calculate that?  
20 A. I would just back into it based on that  
21 volume and the revenue.  
22 Q. Okay. It -- the statements that you get  
23 on a monthly basis, would it have the price, the  
24 sales price of the gas?



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1 A. Which statements?  
2 Q. You said that -- that you would get a --  
3 a calculation from FlowCal and you'd get the  
4 calculation --  
5 A. Oh --  
6 Q. -- from EE and you'd get all these  
7 reports.  
8 A. Correct.  
9 Q. Okay. So here it shows the net price for  
10 the Well No. 515361 at \$1.31.  
11 A. Yes.  
12 Q. And that's a unit?  
13 A. Yes.  
14 Q. A dekatherm?  
15 A. Again, I can't remember whether that's a  
16 per dek or per Mcf.  
17 Q. Okay. And it says that it is a net  
18 price, though.  
19 A. I see that, yes.  
20 Q. Okay. Now, there's another well that has  
21 a -- the one just below that says \$1.32.  
22 A. Yes.  
23 Q. And then the one at the bottom says  
24 \$1.33.

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1 A. Yes.  
2 Q. Do you know why those values would be  
3 different if they were all measured for the same  
4 first day of the month?  
5 A. There is some conversion that takes place  
6 from the MMBtu to the Mcf, so depending on -- the  
7 heat content could change that price.  
8 Q. Okay. So would that lead you, then, to  
9 believe that this is not an Mcf price, but rather  
10 a dekatherm price?  
11 A. I can't say that for sure.  
12 Q. Now, with regards to the owner volume and  
13 the gross volume, do you see that column?  
14 A. Yes.  
15 Q. The owner volume is determined by --  
16 MR. WINDOM: Strike that.  
17 Q. Tell me how you -- you get the owner  
18 volume.  
19 A. You take the gross volume times that  
20 decimal interest to get your owner volume.  
21 Q. So if I take 1,832 units, whether it's  
22 Mcf or dekatherms, and multiply it by .125 or  
23 12-and-a-1/2 percent, then that would give me 229  
24 owner units?

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1 A. Correct.  
2 Q. And then I would multiply that 229 by the  
3 \$1.31?  
4 A. Correct.  
5 Q. And that would give me the owner revenue?  
6 A. Can I do the math real quick?  
7 Q. Sure.  
8 A. That should give you the -- the owner  
9 revenue.  
10 Q. Okay.  
11 A. The \$1.31 times the owner volume should  
12 give you the owner revenue.  
13 Q. Okay. And then from that, \$12.80 from  
14 the -- the top well there was taken out in owner  
15 taxes?  
16 A. Correct.  
17 Q. And then there were no owner deducts?  
18 A. Correct.  
19 Q. And then we have an owner net of \$288.27?  
20 A. Correct.  
21 Q. And then those five wells were added  
22 together to create a check for \$950.04?  
23 A. Correct.  
24 Q. Now, on these particular wells, you --

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1 you don't know if these are vertical or  
2 horizontal, do you?  
3 A. I do not, no.  
4 Q. Okay. Just looking at this data, you --  
5 you can't make a determination on that?  
6 A. No.  
7 Q. Let's flip over to the next page. Can we  
8 agree that the production date for these six wells  
9 was the same production date as the five on the  
10 front page?  
11 A. Yes.  
12 Q. And can we agree that these are different  
13 wells?  
14 A. Yes.  
15 Q. Can we also agree that these are all gas  
16 royalties and there are no oil royalties included?  
17 A. Yes.  
18 Q. So we're dealing apples to apples in that  
19 regard?  
20 A. Yes.  
21 Q. Okay. Now, these wells have a well  
22 number, and then they have another number in  
23 parentheses. Do you see that?  
24 A. Yes.

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1 Q. Do you know what that parenthetical  
2 number represents?  
3 MR. HENDRICKSON: I'm sorry.  
4 A. The PUL96 number, that's what you're  
5 talking about?  
6 Q. That's correct.  
7 A. That's the pad or put ID.  
8 Q. Okay. And the H1, H2 through H6, would  
9 those be horizontal legs?  
10 A. I -- I'm not sure. Can't answer that.  
11 Q. So as you look at this, you know that  
12 these six wells were all drilled on the same pad?  
13 A. Correct.  
14 Q. Based on that, can we presume, from your  
15 experience, that these would be horizontal wells?  
16 A. Yes.  
17 Q. And we look at the volumes and we can  
18 almost confirm that?  
19 A. Correct.  
20 Q. Okay. Now, again, this has a net price.  
21 Do you see that net price?  
22 A. Yes.  
23 Q. And the net price for these six wells was  
24 all consistently \$1.34 in November of 2016?

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1 A. I see that.  
2 Q. And -- and that is -- depending on which  
3 value we were looking at on the front page, that  
4 was one, two, or three pennies a unit different?  
5 A. Yes.  
6 Q. Would your experience in -- in this  
7 regard lead you to believe that -- that that penny  
8 or two difference would be the thermal calculation  
9 for the gas?  
10 A. Either that or it could be just some  
11 rounding, because those numbers are a lot smaller.  
12 The volumes are a lot smaller.  
13 Q. Okay. And these may not even be sold to  
14 the same company as the -- the wells on the front  
15 page?  
16 A. Perhaps.  
17 Q. May go --  
18 A. Yes.  
19 Q. -- through a different sales point?  
20 A. Yes.  
21 Q. So when you look at the -- the decimal  
22 interest here, it's much smaller than the decimal  
23 interest on the front page?  
24 A. Yeah. Yes, I see that.

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1 Q. Okay. Would -- again, you're dealing  
2 with horizontal wells. You're dealing with a lot  
3 more owners --  
4 A. Yes.  
5 Q. -- sharing in the interest; is that  
6 right?  
7 A. Yes.  
8 Q. Okay. So when you look at the -- the  
9 owner volume here, how would you come up with that  
10 owner volume?  
11 A. It should be the gross volume times in a  
12 decimal interest to get owner volume.  
13 Q. Okay. So the same way we did it on the  
14 front page?  
15 A. Yes.  
16 Q. You -- you take that -- for instance, on  
17 the -- the Pullman (phonetic) 96H1 well, we would  
18 take \$72,695 -- or 695.9 units, multiply it by the  
19 .02869200 --  
20 A. Yes.  
21 Q. -- and that would come up with 2,085.79  
22 for the volume?  
23 A. Yes.  
24 Q. And -- and what data here would be

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1 entered by employees of EQT?  
2 A. This, again, would have all been done  
3 through a process.  
4 Q. Okay. So somebody would have had to have  
5 entered the net price?  
6 A. The -- the value -- like I said, the  
7 value gets uploaded, and then the net price that's  
8 presented here is just a calculation.  
9 Q. Okay. And you say the net price is a  
10 calculation?  
11 A. Correct. So we have a value --  
12 Q. Right.  
13 A. -- that we were paid, and then we have  
14 the volume, and we get paid on a dekatherm.  
15 Q. Okay.  
16 A. So when we calculate that back to an Mcf  
17 level, it gets -- this net price gets basically  
18 backed in too.  
19 Q. Okay. So from your testimony, then, I  
20 gather that this \$1.34 is actually an Mcf value?  
21 A. Yes.  
22 Q. Okay. And that would be the same on the  
23 front page, that that would be an Mcf value?  
24 A. Yes.

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1 Q. Okay. So the calculation that is entered  
2 or the calculation that is made allows someone in  
3 accounting to enter into Enertia the \$1.34, the  
4 \$1.31 value?

5 A. Again, we don't actually calculate that  
6 ourselves. It's -- it's done by the system. We  
7 upload the value that EE has paid us --

8 Q. Okay.

9 A. -- and then, based on the volumes that we  
10 get from gas measurement for what was sold, that's  
11 what then backs into that price.

12 Q. And you would expect that to be correct  
13 based on your experience with Enertia --

14 A. Yes.

15 Q. -- that it doesn't mess that up?

16 A. Yes.

17 Q. Okay. Now, when you go from gross volume  
18 to owner revenue, you would multiply that -- that  
19 owner volume --

20 A. Yes.

21 Q. -- by the \$1.34?

22 A. Correct.

23 Q. And that would give you \$2,787.72?

24 A. Yes.

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1 Q. And based on your experience, that would  
2 be accurate?

3 A. There's some rounding, again, in there,  
4 because that \$1.34 could be \$1.33 something. So  
5 it could be a little -- few pennies or dollars off  
6 based on the rounding.

7 Q. Well, why don't we do this: Would you  
8 multiply that \$1.34 times \$2,085.79?

9 A. I get \$2,794.95.

10 Q. That is, what, more than \$7.00 off; is  
11 that right?

12 A. Yes.

13 Q. So when Mr. and Mr. -- Mr. and  
14 Mrs. Richards get their royalty statement, they  
15 can't take that net price value and rely on it,  
16 can they?

17 A. They cannot. But there -- like I said,  
18 there's going to be more decimals in there that  
19 get to the \$2,787.

20 Q. And I'm not arguing with you that that  
21 might be the case, but why don't you multiply the  
22 next one, \$1.34 times \$1069.26?

23 A. \$1,432.81.

24 Q. Again, that -- the rounding error seem to

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1 be in EQT's favor, do they not?

2 MR. HENDRICKSON: Well, object to  
3 the question, and it assumes facts not in  
4 evidence.

5 I mean, she's already explained to  
6 you that the net price is a calculation that they  
7 re-calculate backwards. It's not -- it's not what  
8 they're -- they're basing their payment on.

9 A. Correct. The revenue -- the owner  
10 revenue piece is more important. That is going to  
11 be correct.

12 That's what we were -- what we would  
13 have been paid by EE, what we're passing back to  
14 royalty owners, and again, that price here is just  
15 a calculation back.

16 Q. Well --

17 A. That price doesn't depend on what that  
18 owner revenue is.

19 Q. If that value is rounded in -- in every  
20 statement and there are rounding errors in favor  
21 of EQT, where would that extra money go?

22 A. There is no extra money. This has --  
23 that net price has no impact on our records.

24 Q. So you've divided the owner revenue by

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1 everybody in the well and made sure that everybody  
2 gets down to the penny what they're entitled to?

3 A. Correct.

4 Q. Even though the statement differs as far  
5 as what that -- that value would be?

6 A. Correct.

7 Q. Now, there is -- again, we have owner  
8 taxes --

9 A. Yes.

10 Q. -- that are taken from that; is that  
11 right?

12 A. Yes.

13 Q. And then we have owner deducts.

14 A. Yes.

15 Q. What are those owner deducts?

16 A. That would be the -- any charges relating  
17 to gathering to get that gas to the interstate  
18 pipeline.

19 Q. And how -- that -- that gathering rate is  
20 determined how?

21 A. The Midstream Planning, they take the  
22 cost of services, operating costs from the prior  
23 year, and then provide us a rate to use for the  
24 following year.

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1 Q. What operating costs are included in that  
2 gathering rate that they look at for the previous  
3 year?  
4 A. I do not know.  
5 Q. Who would know that answer?  
6 A. I believe that would be Joe Piccirilli.  
7 Q. Okay. And what's Joe's position?  
8 A. I believe his title is director of  
9 planning, and that would be for Midstream.  
10 Q. EQT Midstream?  
11 A. EQT Midstream, correct.  
12 Q. And would you agree with me that this  
13 \$1.34 net price had \$940 of gathering taken out  
14 when you figured in the volumes on that first  
15 well, the H1?  
16 A. I can't say that, because the -- like I  
17 said, this price is backed into.  
18 Q. Okay. But -- but whatever -- however you  
19 back into it, you had an owner volume of  
20 2,085.79 --  
21 A. Uh-huh.  
22 Q. -- Mcf?  
23 A. Correct.  
24 Q. And then the owner revenue was

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1 \$2,787.72 --  
2 A. Correct.  
3 Q. -- for the first well?  
4 A. Correct.  
5 Q. And then out of that, EQT Production  
6 deducted \$940.15?  
7 A. Correct.  
8 Q. So if someone from EQT would say that  
9 Mr. and Mrs. Richards did not have deductions  
10 taken from the royalty, that would be incorrect;  
11 is that right?  
12 A. Well --  
13 MR. HENDRICKSON: Object to the form  
14 of the question, but go ahead and answer if you  
15 can.  
16 A. From my understanding, this is a market  
17 value lease so -- which means that the gas  
18 purchase agreement -- the market value is the  
19 first of month index price less any gathering  
20 related charges.  
21 Q. Okay. When you say "market value lease,"  
22 what are you meaning there?  
23 A. That's all I know, that the owners should  
24 be paid with the -- at market value.

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1 Q. And who determines that market value?  
2 A. The actual price?  
3 Q. Well --  
4 MR. HENDRICKSON: You mean who  
5 determines it's a market value lease?  
6 Q. Who --  
7 MR. WINDOM: No.  
8 Q. Who determines what the market value of  
9 the gas is?  
10 A. It would be the value that EE is paid by  
11 the gas -- the interstate pipeline less any of the  
12 gathering charges related to getting the gas  
13 there.  
14 Q. Okay. Now, you're talking about the  
15 value that EE is paid by TETCO or whomever the  
16 purchaser is down the line --  
17 A. Yeah.  
18 Q. -- third party?  
19 A. The first of month price, yeah.  
20 Q. Now, if -- EQT is the original seller of  
21 the gas to EE; is that right?  
22 A. EPC.  
23 Q. EQT Production Company?  
24 A. Yes.

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1 Q. Okay. So at that first point of sale,  
2 there's a meter somewhere down the line that --  
3 that is a first point of sale between EQT and  
4 EE; is that right?  
5 A. The gas is purchased by EE at the  
6 wellhead, and they're paying us on a dekatherm  
7 price, or MMBtu price, which is dictated by  
8 wherever the gas is delivered to from that  
9 interstate pipeline.  
10 Q. Okay. Where would I find what that price  
11 was?  
12 A. IFERC is where we get the pricing from.  
13 Q. IFERC?  
14 A. Yeah.  
15 Q. What does that mean?  
16 A. It is a publication -- actually, it's --  
17 Platts is the -- you have to subscribe to get  
18 the --  
19 Q. Uh-huh.  
20 A. -- that pricing information.  
21 Q. Okay. And if I asked for EQT to provide  
22 me with that price every month since 11 of 2016,  
23 that could be done, right?  
24 A. I'm not sure we're allowed to do that.



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1 We could give you the price that we were paid, but  
2 I don't know if I could give you that pricing of  
3 that -- what was published.  
4 **Q. Well, if it was -- if it was published,**  
5 **it's public information, is it not?**  
6 A. Well, it's not public information.  
7 MR. HENDRICKSON: It's a  
8 subscription, and --  
9 A. It's a subscription.  
10 **Q. Well --**  
11 MR. HENDRICKSON: -- and I'm not  
12 sure that they're allowed to share subscribed  
13 stuff. I -- I don't know. We'll check.  
14 **Q. If I -- if I got a subscription to Time**  
15 **Magazine, I'm allowed to let you read it, right?**  
16 A. Platts is very --  
17 MR. HENDRICKSON: I don't know.  
18 Maybe not.  
19 A. They -- yeah.  
20 **Q. Well, I mean --**  
21 A. They have really -- very stringent --  
22 MR. HENDRICKSON: We can --  
23 A. -- stringent rules.  
24 MR. WINDOM: I've asked --

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1 MR. HENDRICKSON: We'll check.  
2 We'll check.  
3 MR. WINDOM: I've asked for that  
4 information in discovery and got some rather --  
5 MR. HENDRICKSON: Okay.  
6 MR. WINDOM: -- convoluted answers  
7 without actually giving me the prices that were  
8 paid for the gas, and that's what I'm trying to  
9 get to. If I haven't asked the question --  
10 MR. HENDRICKSON: Let's go off the  
11 record.  
12 MR. WINDOM: -- properly --  
13 MR. HASTINGS: Let's go off the  
14 record.  
15 MR. HENDRICKSON: Let's go off the  
16 record for a second.  
17 THE VIDEOGRAPHER: The time is  
18 12:33. We will now go off the record.  
19 (A recess was taken, after which the  
20 proceedings continued as follows:)  
21 **P R O C E E D I N G S**  
22 THE VIDEOGRAPHER: The time is  
23 12:41. We are now back on the record.  
24 BY MR. WINDOM:

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1 **Q. Okay. Ms. Toia, before we went off the**  
2 **record, we were talking about the calculations and**  
3 **market value. Now, you indicated that this was,**  
4 **to your knowledge, a market value lease.**  
5 A. That's what I was told, yes.  
6 **Q. Okay. Who told you this was a market**  
7 **value lease?**  
8 MR. HENDRICKSON: Object to the --  
9 the form of the question. Go ahead and answer.  
10 A. I honestly can't remember.  
11 **Q. Okay. When were you told this was a**  
12 **market value lease?**  
13 A. It might have been during some of the  
14 initial gathering of data I did earlier this year.  
15 **Q. Specifically in planning for this**  
16 **Litigation?**  
17 A. Yes.  
18 **Q. Now, let's go back to the -- the front**  
19 **page of Exhibit 1, and you would agree with me**  
20 **that -- that there were no owner deducts taken for**  
21 **-- for these five wells listed on the front?**  
22 A. Correct.  
23 **Q. And if this -- if these wells were**  
24 **drilled pursuant to the same oil and gas lease,**

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1 **which I -- you don't know that, do you?**  
2 A. I don't know.  
3 **Q. Okay. If they were drilled pursuant to**  
4 **the same oil and gas lease and this were also a**  
5 **market value lease, would you expect that the**  
6 **owner deducts would be included in that one?**  
7 A. Yes.  
8 **Q. And I will submit to you that -- that**  
9 **this lease is -- or these leases were first made**  
10 **in the 1950s --**  
11 A. Okay.  
12 **Q. -- okay? That there were no deducts**  
13 **taken from the royalties from 1955 until these**  
14 **horizontal wells were drilled.**  
15 A. Is that a question?  
16 **Q. Does that surprise you?**  
17 A. Yes.  
18 **Q. And I know you said that you're not**  
19 **familiar with the leases, but I -- I do want to**  
20 **get them as exhibits to your deposition here**  
21 **today, because we --**  
22 **We have talked about market value**  
23 **leases and everything, and I just want to make**  
24 **sure that -- that we don't have any issues going**

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1 forward and that we have these leases in there --  
2 A. Okay.  
3 Q. -- okay? So I'm going to have this  
4 marked as --  
5 MR. HENDRICKSON: 2.  
6 DEPOSITION EXHIBIT NO. 2  
7 (Lease Agreement between Pearl  
8 Hutchinson and D.C. Hutchinson, Her  
9 Husband; Ruby Dotson and J.E.  
10 Richards was marked for  
11 identification purposes as  
12 Deposition Exhibit No. 2.)  
13 DEPOSITION EXHIBIT NO. 3  
14 (Lease Agreement between Pearl  
15 Hutchinson and D.C. Hutchinson, Her  
16 Husband; Archie C. Richards and  
17 Elsie M. Richards, His Wife, and  
18 J.E. Richards was marked for  
19 identification purposes as  
20 Deposition Exhibit No. 3.)  
21 DEPOSITION EXHIBIT NO. 4  
22 (Lease Agreement between A.H. Hodge  
23 and Ona Hodge, His Wife, and J.E.  
24 Richards was marked for

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1 identification purposes as  
2 Deposition Exhibit No. 4.)  
3 Q. This is Exhibit 2. 2. This'll be  
4 Exhibit 3, and this'll be Exhibit 4.  
5 MR. HENDRICKSON: Which one's 3 and  
6 which one's 4?  
7 MR. WINDOM: Okay. They go in  
8 order, so 445 is 2, 447 is 3, and 449 is 4.  
9 MR. HENDRICKSON: Thanks.  
10 MR. WINDOM: Okay.  
11 Q. So Ms. Toia, I'm going to hand you three  
12 exhibits. They are marked as Deposition Exhibits  
13 2, 3, and 4 to your deposition here today, okay?  
14 And you can look at those and -- and  
15 let me know when you've had a chance to review  
16 them.  
17 A. I honestly wouldn't know what I'm looking  
18 at because I'm not familiar with -- with leases.  
19 Q. Understood.  
20 MR. HENDRICKSON: If you want us to  
21 stipulate that these are the leases in that -- in  
22 question, we can do that.  
23 MR. WINDOM: Okay.  
24 MR. HENDRICKSON: I mean, and you

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1 can attach them to her deposition.  
2 MR. HASTINGS: I think we can do it.  
3 I don't know.  
4 MR. HENDRICKSON: Yeah. Well, I  
5 don't know either, but I mean, unless -- if you  
6 let us verify --  
7 MR. HASTINGS: We can --  
8 MR. WINDOM: Well --  
9 MR. HASTINGS: We can attach --  
10 MR. WINDOM: Let's go off the record  
11 for just a minute.  
12 THE VIDEOGRAPHER: The time is  
13 12:46. We are now going off the record.  
14 (A discussion was had off the record,  
15 after which the proceedings continued as follows:)  
16 P R O C E E D I N G S  
17 THE VIDEOGRAPHER: The time is  
18 12:50. We are now back on the record.  
19 BY MR. WINDOM:  
20 Q. Okay. Ms. Toia, while we were off the  
21 record, I've had a chance to consult with counsel  
22 for EQT, and -- and we've made some stipulations,  
23 and I just want to get those on the record during  
24 your deposition here today.

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1 And those are that the leases which I  
2 have provided you as Exhibits 2, 3, and 4 to your  
3 deposition here today are the controlling leases  
4 for the plaintiff and EQT in this Matter, okay?  
5 A. Okay.  
6 Q. And I'll let --  
7 MR. HENDRICKSON: So -- so  
8 stipulate.  
9 MR. WINDOM: Okay.  
10 DEPOSITION EXHIBIT NO. 5  
11 (Amendment and Ratification of Oil  
12 and Gas Lease, Lease No. 919996, was  
13 marked for identification purposes  
14 as Deposition Exhibit No. 5.)  
15 DEPOSITION EXHIBIT NO. 6  
16 (Amendment and Ratification of Oil  
17 and Gas Lease, Lease No. 919997, was  
18 marked for identification purposes  
19 as Deposition Exhibit No. 6.)  
20 DEPOSITION EXHIBIT NO. 7  
21 (Amendment and Ratification of Oil  
22 and Gas Lease, Lease No. 919987, was  
23 marked for identification purposes  
24 as Deposition Exhibit No. 7.)

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1 Q. Now, with regards to Deposition Exhibits  
2 5, 6, and 7, that those would be the modifications  
3 that would allow for the pooling and unitization  
4 of these leases for horizontal wells that were  
5 drilled by EQT.  
6 MR. HENDRICKSON: So stipulate.  
7 MR. WINDOM: Okay.  
8 Q. And I believe it's your testimony that --  
9 that this lease language means absolutely nothing  
10 to you?  
11 A. Means nothing to me.  
12 Q. Okay. And when you're talking about  
13 market price, that's not your reading of the  
14 lease. That's just what someone told you?  
15 A. That's correct.  
16 Q. And you don't know who buys the gas for  
17 the shallow wells on these leases --  
18 A. No.  
19 Q. -- is that right?  
20 A. No, I don't know.  
21 Q. Would those statements come through your  
22 accounting department, though?  
23 A. It would come through in the same  
24 statement or wire that we would receive from EE to

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1 EPC.  
2 Q. Would it state on that wire who the  
3 purchaser of the gas was?  
4 A. I don't believe we get that information.  
5 Q. You would just get the dekatherm  
6 calculation and the price and --  
7 A. Correct.  
8 Q. -- the Mcf?  
9 A. Correct. Dekatherms. Mcf is not on  
10 those statements.  
11 Q. Okay. You -- you have to calculate that  
12 back from the flow chart?  
13 A. Correct.  
14 Q. Or is it flow chart?  
15 A. FlowCal.  
16 Q. FlowCal, thank you. But we can agree  
17 that -- that the price that is listed on these  
18 royalty statements, which are identified as  
19 Exhibit 1, is a net price?  
20 A. It says net price, and again, I would say  
21 it's more of just kind of backed in, calculated  
22 price.  
23 Q. How would I be able to determine the  
24 gross price if that is the net price?

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1 A. I don't know how to answer that.  
2 Q. Who at EQT could tell me the -- the gross  
3 price?  
4 A. We would get a price from EE and that it  
5 would have the gathering-related charges deducted  
6 out of it, so we wouldn't know that --  
7 Q. Okay. So --  
8 A. -- from those wire statements.  
9 Q. So this net price would already have the  
10 gathering deductions taken out of it?  
11 A. It does not. I don't believe it does the  
12 way it's calculating on this statement.  
13 Q. Okay. So I guess my question is: How --  
14 this is called a net price on the -- on the  
15 remittent statement?  
16 A. Yes.  
17 Q. And that's not a gross price. That is --  
18 that is intentionally there. The word "net price"  
19 is there intentionally?  
20 A. I don't know how to answer.  
21 Q. Okay. You're an accountant. You've  
22 been --  
23 A. Yes.  
24 Q. -- an accountant for a number of years.

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1 A. Correct.  
2 Q. What to you does net price mean?  
3 A. It would be a price that was after --  
4 taking the gross less any expenses gets you a net.  
5 Q. Okay. But you -- as you sit here today  
6 as the -- I want to make sure I get the -- the  
7 title right -- as the director --  
8 A. Director.  
9 Q. -- of revenue accounting for EQT and the  
10 person that's in charge of making sure that the  
11 Enertia system prints this out and gets it to  
12 Mellon Bank, you can't tell me what that net price  
13 means on the remittent statement?  
14 A. No. I was not involved in creating these  
15 statements and what the column headings should  
16 mean.  
17 We are responsible more on the volume  
18 and revenue and any of the taxes, deducting and  
19 making sure that the actual payment to the royalty  
20 owner is correct.  
21 Q. Okay. But you can't make sure that the  
22 payment to the royalty owner's correct unless you  
23 know what that -- that price is, right?  
24 A. Correct, which we --

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1 Q. Okay.  
2 A. -- get from EE.  
3 Q. So -- so that net price that's listed on  
4 that -- that royalty statement, as you sit here  
5 today, you don't know what that means?  
6 A. It looks like, again, it's a backed in  
7 price.  
8 Q. But you don't know what calculations were  
9 made to back into that price?  
10 A. There's conversions. So we get paid on a  
11 dekatherm.  
12 Q. Right.  
13 A. And we have to convert that into an Mcf.  
14 Q. Right.  
15 A. Which then calculates into a price.  
16 Q. Which would be a gross price?  
17 A. It would be -- depending on how you're  
18 looking at it. If you're -- if what -- the price  
19 that we receive from EE is a net price. We then  
20 have to back out -- or put back in, I should say,  
21 any of the gathering-related charges to get to a  
22 gross price.  
23 Q. Okay. So EE pays you a net price. So  
24 the price that EE pays you already has gathering

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1 taken out of it?  
2 A. Correct.  
3 Q. And that net price from EE, you then have  
4 to back out of that to re-calculate the expenses?  
5 A. Correct.  
6 Q. Can we agree on the front page of Exhibit  
7 1 that calculation was not made and there were no  
8 deductions shown?  
9 A. There are no deductions, correct.  
10 Q. But the net price is strikingly similar  
11 to the net price on Page 2 of that exhibit. You  
12 would agree with that?  
13 A. I can't say why -- I mean, I don't know  
14 what they were priced at, where that gas went to  
15 on -- on the first page. I know where the gas  
16 went to on the second page.  
17 So for all I know, it could have been  
18 the same pricing but a different sales point. I  
19 don't know.  
20 Q. So my -- my point here is that the net  
21 price on the front page of Exhibit 1 and the net  
22 price on the second page of Exhibit 1 is within a  
23 penny or two of -- per volume.  
24 A. Yes.

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1 Q. And that there was no -- none of this  
2 back calculating the expensing that you just  
3 testified about with regards to the wells that are  
4 identified on the front page of the remittent  
5 statement.  
6 A. Yes.  
7 Q. But for some reason, EQT has done this  
8 back calculation of expenses to the net price on  
9 Page 2 of Exhibit 1.  
10 A. The same calculation that was performed  
11 to get from -- you take your revenue over your --  
12 or your volume over -- your revenue over your  
13 volume to get back into that price that's listed  
14 or presented on the statement.  
15 Q. Okay. But -- but somehow there are  
16 deductions now taken out on -- on the second page.  
17 A. Yes. They're presented on the page.  
18 Q. Okay. But I guess I'm confused by your  
19 testimony, and I'm not an accountant and I  
20 apologize.  
21 But you had indicated that you have  
22 to re-do this calculation from EE because it  
23 already includes the deductions in it.  
24 A. We get a net price from EE. We know what

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1 the gatherings charges are --  
2 Q. Uh-huh.  
3 A. -- so we add those back in to calculate  
4 what that price is.  
5 Q. And that would be the gross price?  
6 A. The gross price, right.  
7 Q. Okay. But this statement shows a net  
8 price.  
9 A. Yes.  
10 Q. And is it your testimony here today that  
11 that is a gross price or that that is a net price?  
12 A. I mean, I personally would call it a  
13 gross price, because if you're taking your -- your  
14 gross revenue over your gross volumes, it backs  
15 into that price.  
16 But I'm saying this is not  
17 technically the price that EE pays us, because  
18 again, they're paying us on dekatherms and this is  
19 a per-Mcf price.  
20 Q. Okay.  
21 A. So there's quite a few conversions that  
22 happened after --  
23 Q. Many conversions. So you have to -- I  
24 understand you have to convert it to Mcf from



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1 dekatherms, and I understand that you have to back  
2 into these deductions. But if EE is paying you a  
3 net price, why do you even show deductions?

4 Why don't you just show: Here's the  
5 net price, here's your royalty percentage, and  
6 make your calculation? Why -- why do you have to  
7 do this finagling or backing in to get these  
8 deductions?

9 A. I would say it's just to be more  
10 transparent so the owner knows how much out of  
11 that pricing was pertaining to the gathering  
12 charges.

13 Q. Now, what is -- you had indicated that --  
14 that there was IFERC?

15 A. Uh-huh.

16 Q. What does --

17 A. Yes.

18 Q. -- IFERC mean? Is it the Federal Energy  
19 Regulatory Committee's Internet site?

20 A. Yes. Yes.

21 Q. Okay. And -- and that is -- that is a  
22 government agency, right?

23 A. I -- yes.

24 Q. Now, when you're talking about index

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1 pricing, when you -- when you look at an index  
2 price, there are -- are numerous indexes; is that  
3 right?

4 A. Yes.

5 Q. Okay. You can have Dominion South?

6 A. Yes.

7 Q. Do you know what Dominion South is?

8 A. Yes.

9 Q. Okay. Henry Hub, do you know what the  
10 Henry Hub is?

11 A. Yes.

12 Q. And you can have TCO?

13 A. Uh-huh. Yes.

14 Q. Okay. Are there any other index prices  
15 that --

16 And I'm not saying that you look at  
17 any of these, but are there any index prices which  
18 in the accounting department you rely on in  
19 determining prices or values or checking that EE  
20 is paying properly?

21 MR. HENDRICKSON: I'm going to  
22 object to the question. It's assuming that she  
23 does that. I think she testified she doesn't do  
24 that, but go ahead and answer the question.

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1 A. Yeah. I can't say that for sure.

2 Q. Okay. Does anybody at EQT verify the  
3 volumes or the index pricing that is used by  
4 EQT Energy, LLC?

5 A. I would imagine someone at EE would do  
6 that.

7 Q. Right. But checks and balances, is there  
8 anyone at EQT that's checking EE's work?

9 MR. HENDRICKSON: Again, if you  
10 know.

11 A. We do an accrual so -- on a monthly  
12 basis, so we take -- which we basically have pools  
13 of the wells, and we say, "This is the volume, and  
14 this is" -- we price it at what the index price  
15 should be in that area. That's part of our  
16 accrual process.

17 Q. Okay. You say "accrual"?

18 A. Accrual, yeah.

19 Q. Okay. And what index price do you use?  
20 Whatever EE says they're selling this at?

21 A. Yes. That's provided to us from EE, and  
22 we do -- they do provide us what that pricing is  
23 on a monthly basis, that first of the month price  
24 to use.

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1 And we apply that to the volumes that  
2 we're estimating for the month to come up with the  
3 value that we accrue.

4 Q. Okay. And what index price, if you know,  
5 does EE use?

6 A. There's -- it depends on the area, but we  
7 -- as you mentioned, there's the Dominion, there  
8 is the M2, there's an M3.

9 Q. So is it -- is it your understanding that  
10 these wells go through the M2 system and would use  
11 the M2 index?

12 A. I know these do, yes, on the second page.

13 Q. Okay. And where would I find that M2  
14 index?

15 A. Again, from the Platts publication --

16 Q. Okay.

17 A. -- that would be in.

18 Q. Do you know if it's -- if it's anywhere  
19 else for public consumption?

20 A. I don't think it is.

21 Q. Okay. And when you say Platts,  
22 P-L-A-T-Z?

23 A. P-L-A-T-T-S.

24 Q. P-L-A-T-T-S, okay. Who at EQT could tell

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1 me the information contained on Exhibit 1, if  
2 that's a gross price or a net price that is shown?  
3 A. I can't say for sure.  
4 Q. Somebody's putting that calculation in  
5 there, right?  
6 A. It's a calculation. Like I said, it's a  
7 backed in price.  
8 Q. Okay. But -- and who makes that  
9 calculation, is my question?  
10 A. Oh, the system does; Enertia does.  
11 Q. Okay. Who enters the data into Enertia  
12 for that?  
13 A. So we get the information from EE on a  
14 value --  
15 Q. Right.  
16 A. -- and we have the volumes. That  
17 information is loaded, and it backs into that  
18 price.  
19 Q. Okay. Can you provide me with the EE --  
20 and I'm not asking for the entire EQT system, but  
21 I specifically want the EE values for these wells  
22 that were used to back into this number in Enertia  
23 from November 2016 to present.  
24 Can you provide that to me?

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1 A. We have the information. I'm not sure if  
2 it can be provided.  
3 MR. WINDOM: I'm asking for that. I  
4 mean, do you want me to do a formal request or --  
5 MR. HASTINGS: Can we go off the  
6 record again?  
7 THE VIDEOGRAPHER: The time is 1:04.  
8 We are now going off the record.  
9 (A discussion was had off the record,  
10 after which the proceedings continued as follows:)  
11 P R O C E E D I N G S  
12 THE VIDEOGRAPHER: The time is 1:06.  
13 We are now back on the record.  
14 MR. WINDOM: Okay. And we are  
15 stipulating that you all -- that EQT will provide  
16 the wire file from EE for these particular wells  
17 in some form.  
18 MR. HENDRICKSON: Yes. If we can,  
19 yes.  
20 MR. HASTINGS: Yeah, we will.  
21 MR. WINDOM: I get a "we will" from  
22 -- from your co-counsel over here.  
23 MR. HENDRICKSON: I --  
24 MR. HASTINGS: Not co-counsel.

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1 BY MR. WINDOM:  
2 Q. So let me ask you this: When -- when  
3 you're talking about wells that -- that had  
4 straight zeros coming out for deductions for a  
5 number of years, as shown on the front page of  
6 Exhibit 1, and then all of a sudden, for the  
7 horizontal wells, they start taking deductions,  
8 how is that determination made to start taking  
9 deductions from these owners of oil and gas?  
10 A. My group, revenue accounting, does not  
11 make that determination. That's done through land  
12 administration.  
13 Q. So land administration would make the  
14 decision: "Hey, you can start taking deductions  
15 here"?  
16 A. Based on, I guess, the review of leases,  
17 yes.  
18 Q. Okay. And would that come to you all via  
19 email, would it come to you all via an internal  
20 memo? How would you get the go ahead to take  
21 deductions?  
22 A. It is an email.  
23 Q. Do you recall in this Matter receiving an  
24 email from land administration regarding the

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1 deductions for the Richardses?  
2 A. I would not have received that  
3 personally, because I don't handle that.  
4 Q. Who would have received that email?  
5 A. I'm going to say Shawn Madey.  
6 Q. Okay. Is that a man or a woman?  
7 A. A man. Shawn.  
8 Q. Okay. S-E-A-N?  
9 A. S-H-A-W-N.  
10 Q. Of course.  
11 A. M-A-D-E-Y.  
12 Q. M-A-D-E-Y.  
13 A. Yeah.  
14 Q. And somebody in land administration would  
15 have sent Shawn Madey an email and told him:  
16 "Hey, on the Richards' leases," and then given him  
17 the numbers, "take deductions"?  
18 A. As wells turn in line, we get a  
19 spreadsheet from land administration for all the  
20 owners in that -- that are part of that well, and  
21 it'll say whether take deductions or do not.  
22 Q. Is that an electronic spreadsheet --  
23 A. It's a spreadsheet.  
24 Q. -- like Excel?

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1 A. Yes.  
2 **Q. Okay. And you would have a copy of that?**  
3 A. Yes.  
4 **Q. Can you provide that to -- to counsel?**  
5 A. Yes.  
6 **Q. Okay.**  
7 MR. WINDOM: And Dave, I'm going to  
8 ask you to provide -- I don't want information on  
9 any other owners. I just want it isolated for --  
10 for my folks. Would you be able to do that for  
11 me?  
12 MR. HENDRICKSON: Yeah, if we can.  
13 Again, it's probably going to have to be redacted.  
14 I doubt they get just one for your particular  
15 clients' wells. It probably has a number of them  
16 on there --  
17 THE DEPONENT: Yes.  
18 MR. HENDRICKSON: -- but sure.  
19 Whatever we got, we'll get to you.  
20 MR. WINDOM: All I'm looking for  
21 is --  
22 MR. HENDRICKSON: Yeah.  
23 MR. WINDOM: -- is the Richards' on  
24 -- on --

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1 MR. HENDRICKSON: Got it.  
2 MR. WINDOM: -- the Pullman 96 pad.  
3 MR. HENDRICKSON: Got it.  
4 BY MR. WINDOM:  
5 **Q. And you did not -- you say you did not**  
6 **receive the email from Shawn Madey?**  
7 A. I did not see those personally. My group  
8 does.  
9 **Q. Okay. Who in your group would have seen**  
10 **that email?**  
11 A. That was Shawn. He would have  
12 received --  
13 **Q. Oh, Shawn's --**  
14 A. Shawn's in --  
15 **Q. -- your group?**  
16 A. -- my group. He would have received it  
17 from someone in land administration.  
18 **Q. Okay. Now, is Shawn one of the -- the**  
19 **five people --**  
20 A. Yes.  
21 **Q. Okay. Now, you gave me a different name**  
22 **earlier that handles the Marcellus district.**  
23 A. Yeah. She handles the revenue  
24 distribution.

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1 **Q. Okay.**  
2 A. The -- at the time that these wells were  
3 turning line, Shawn had handled the revenue  
4 distribution for Marcellus. So he would have been  
5 the one to have received that file at that time.  
6 **Q. And Shawn still works there?**  
7 A. Yes.  
8 **Q. Okay.**  
9 MR. WINDOM: Dave, I'm going to ask  
10 for -- for that email as well. Can you provide  
11 that to me, the email from the land administration  
12 to Shawn Madey?  
13 MR. HENDRICKSON: Yeah. I thought  
14 that's what you wanted.  
15 MR. WINDOM: I wanted the email and  
16 then I wanted the spreadsheet that she got.  
17 You --  
18 A. I'm sure we can produce the spreadsheet.  
19 I'm not sure about the emails. I'm not sure we  
20 would keep every single email --  
21 **Q. Okay.**  
22 A. -- going back that far.  
23 MR. HENDRICKSON: We'll check and  
24 see.

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1 MR. WINDOM: Okay.  
2 **Q. I'm guessing you're not familiar with**  
3 **declarations of pooling?**  
4 A. No.  
5 **Q. Okay. I'm not going to ask you any**  
6 **questions about them, then.**  
7 A. Okay. Thank you.  
8 MR. WINDOM: Is this 8?  
9 THE COURT REPORTER: I think so,  
10 yeah.  
11 MR. HENDRICKSON: Thank you.  
12 MR. WINDOM: Yeah.  
13 DEPOSITION EXHIBIT NO. 8  
14 (Remittance Statement, Owner No.  
15 258485, Check No. 1847379, was  
16 marked for identification purposes  
17 as Deposition Exhibit No. 8.)  
18 **Q. Okay. Ms. Toia, I'm going to hand you**  
19 **what has been marked for identification as Exhibit**  
20 **8 to your deposition here today and ask that you**  
21 **review that document.**  
22 A. Okay.  
23 **Q. Now, would you agree with me that that**  
24 **would be the same oil and gas owners as we have on**

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1 Page 2 of Exhibit 1?

2 A. Yes.

3 Q. And would you agree with me that those  
4 are the same Pullman 96H1 through H6 wells that  
5 are identified on that exhibit?

6 A. Yes.

7 Q. Again, we have a net price identified on  
8 these, and we have oil shown on these as well?

9 A. Yes.

10 Q. Whereas we didn't have oil shown on -- on  
11 Exhibit --

12 A. Correct.

13 Q. Now, when we're talking oil, that's not  
14 NGLs or liquids or anything. That's specifically  
15 crude oil; is that right?

16 A. Either crude oil -- oil or could be  
17 condensate.

18 Q. Now, I'm just going to -- you can check  
19 any of these you want, but again, we talked about  
20 rounding on the -- on the one statement that I  
21 showed you on Page 2 of Exhibit 1.

22 A. Yes.

23 Q. I will submit to you that there are  
24 similar rounding issues on each and every one of

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1 these wells where they have been rounded, and my  
2 clients have been shown to have an owner revenue  
3 which is less than if you would calculate those  
4 numbers out again.

5 A. Okay. On oil as well?

6 Q. No. I --

7 A. Or just gas.

8 Q. -- I did not check the oil. I just -- I  
9 was looking at the gas --

10 A. Okay.

11 Q. -- okay? Again, it's your testimony here  
12 today that if those numbers were not consistently  
13 calculated out, that that would be a rounding  
14 issue?

15 A. Correct.

16 Q. Okay. And that would be based on the --  
17 the net price?

18 A. Correct.

19 Q. And I'm going to come back to that in  
20 just a minute --

21 A. Okay.

22 Q. -- but I just wanted to double check and  
23 make sure that that was -- that was your  
24 testimony --

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1 A. Yes.

2 Q. -- as well. Okay. Are you familiar with  
3 the gas purchase contract between EQT Production  
4 and EQT Energy, LLC?

5 A. All I know, that there is one. I don't  
6 know the details behind it.

7 Q. Okay. Do you know who Pat O'Brien is?

8 A. Yes.

9 Q. Who is Pat O'Brien?

10 A. He was the former controller of  
11 production.

12 Q. Is he still --

13 A. EQT Production Company.

14 Q. I'm sorry. Is he still with EQT?

15 A. Yes.

16 Q. What's he do now?

17 A. He's in the risk department.

18 Q. Okay. What's he do in the risk  
19 department, if you know?

20 A. I actually do not know.

21 Q. Who has his job now?

22 A. Jeff Mitchell.

23 Q. And who is Robert Hovanec?

24 A. I've heard the name, but I'm not exactly

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1 sure.

2 Q. Do you know if he works for EQT or some  
3 subsidiary affiliate?

4 A. He's an affiliate, but I'm not sure if  
5 he's a current employee.

6 Q. And if -- if that contract mentioned  
7 index price, it's your testimony that that would  
8 be the M2 price?

9 A. For --

10 MR. HENDRICKSON: Well, again, I'm  
11 going to object. She doesn't know anything  
12 about --

13 MR. WINDOM: Okay.

14 MR. HENDRICKSON: -- the contract.

15 A. No. I know that these wells are -- go  
16 through M2.

17 Q. Okay. Do you know what retainage is?

18 A. No.

19 Q. Do any of the statements that you see  
20 reference retainage?

21 A. No.

22 Q. And as you sit here today, you -- you  
23 would not be able to offer any kind of testimony  
24 about EQT or EE having retainage?



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1 A. No, I can't.  
2 Q. Okay. And you don't handle retainage in  
3 any of your accounting functions at EQT?  
4 A. That's not a term we use. I'm not sure.  
5 Q. With regards to the -- the gathering  
6 charges, I'm -- you -- you had said that there was  
7 -- or there were a number of different charges put  
8 into the gathering charges; is that right?  
9 A. There's some factors that play into it.  
10 I don't know the intricacies of that calculation,  
11 but it's a --  
12 Q. And --  
13 A. -- on a rate that we get provided from  
14 Midstream Planning on an annual basis.  
15 Q. But -- but you can't tell me any of the  
16 individual charges or expenses that go into that  
17 gathering?  
18 A. I do -- the only thing I do know is that  
19 for royalty owners, they get charged a rate less  
20 than what EPC is charged. The royalty owners  
21 would not get charged for depreciation, income  
22 tax, and return on investment.  
23 Q. No charge for income tax, depreciation,  
24 or return on investment.

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1 A. Correct.  
2 Q. Okay. And when we talk about income tax,  
3 that's income tax -- Corporate income tax that EQT  
4 would pay on the -- on their income from the sale  
5 of the gas?  
6 A. I can't say for sure.  
7 Q. Okay. As an accountant, you don't know  
8 what that income tax is?  
9 A. No, I do not know.  
10 Q. Okay. So the depreciation, is that  
11 depreciation on the equipment or the pipelines?  
12 A. I can't say for sure.  
13 Q. You just know that the royalty owners  
14 aren't charged with the depreciation?  
15 A. Correct.  
16 Q. Okay. And return on investment, what is  
17 that?  
18 A. I can't say for sure how that's  
19 calculated either. Again, I'm not part of that  
20 calculation. I just know that those pieces are --  
21 of the rate are stripped out of what's taken from  
22 -- or part of the royalty owners' rate.  
23 Q. Okay. And when you were doing general  
24 accounting for EQT back -- I think when you said

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1 that you were working with --  
2 A. As the assistant controller?  
3 Q. -- as the assistant controller for -- for  
4 the production side --  
5 A. Correct.  
6 Q. -- and managing the wells and -- and all  
7 the money that went into them, did you ever deal  
8 with income tax?  
9 A. No.  
10 Q. Do you ever deal with depreciation?  
11 A. No.  
12 Q. Okay. Do you ever deal with return on  
13 investment?  
14 A. No.  
15 Q. And you're probably also not familiar  
16 with the base contract for the sale and purchase  
17 of natural gas that is used between EPC and EE or  
18 any other parties?  
19 A. No.  
20 Q. Okay. You -- you've never been privy to  
21 those documents?  
22 A. Correct.  
23 Q. You're not going to offer testimony down  
24 the road about the contents of any of those

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1 documents or anything --  
2 A. No.  
3 Q. -- from EQT?  
4 A. No.  
5 Q. There's a term here that -- that bothers  
6 me. I want to see if it bothers you. Maybe you  
7 think it's perfectly fine.  
8 There is a term that -- in the gas  
9 purchase contract that says that they can take out  
10 any other agreed applicable fees or charges.  
11 MR. HENDRICKSON: Again, I'm going  
12 to object. She doesn't know anything about those  
13 contracts. I mean --  
14 MR. WINDOM: Okay.  
15 MR. HENDRICKSON: -- I don't know  
16 why you're asking her a question about something  
17 she hasn't even read or --  
18 MR. WINDOM: I'm just asking her, in  
19 general accounting purposes, if she has ever seen  
20 any charges come across your desk for -- for  
21 royalty owners that were agreed upon applicable  
22 fees or charges?  
23 A. I have not seen that term.  
24 Q. Okay. In your experience --

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1 MR. WINDOM: Strike that.  
2 Q. If you have a net price that you're  
3 dealing with from EQT Energy, LLC, you would --  
4 you have this where you back into -- to these  
5 calculations.  
6 You would not expect, then, to have a  
7 negative royalty under any circumstances, would  
8 you?  
9 A. Correct.  
10 Q. Okay. Are you aware of any instances  
11 where there has been a negative royalty on EQT  
12 wells?  
13 MR. HENDRICKSON: For this -- for  
14 your -- your people?  
15 MR. WINDOM: In general.  
16 MR. HASTINGS: It's not relevant.  
17 MR. HENDRICKSON: I'll object to it.  
18 She can go ahead and answer.  
19 Q. Do you know if there have been negative  
20 royalties paid -- or not -- not paid, but actually  
21 charged to royalty owners?  
22 A. There -- yes.  
23 Q. Well -- and you just said that under this  
24 circumstance, there should never been a negative

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1 royalty, though, right?  
2 A. There was an instance last October where  
3 the prices were very low.  
4 Q. And if the prices are low and all you're  
5 taking out is the gathering fees, the gathering  
6 fees can exceed the price of the gas?  
7 A. They did at that point in time.  
8 Q. Okay. So the gathering fees then -- at  
9 that point, why are the wells produced? Do you  
10 know?  
11 A. I can't answer that.  
12 Q. So if -- if there is a negative royalty,  
13 EQT Energy, LLC, would still charge a gathering  
14 rate to -- to move that gas; is that right?  
15 A. Yes.  
16 Q. Would EQT Energy, LLC, still profit if  
17 that gas were sold at a low price?  
18 A. I can't answer that.  
19 Q. You don't do --  
20 A. I don't do their --  
21 Q. -- EQT --  
22 A. -- accounting.  
23 Q. -- Energy, LLC's, accounting, right?  
24 A. Right.

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1 Q. And do you know if --  
2 MR. WINDOM: Strike that.  
3 Q. Do you know what wet gas is?  
4 A. Yes.  
5 Q. Do you know from the statements that you  
6 get on the Richards' wells if there's wet gas from  
7 these wells, the Pullman 96 wells?  
8 A. I can't see that from these statements,  
9 no.  
10 Q. And the Richardses wouldn't be able to  
11 determine that from this statement either, then?  
12 A. No.  
13 Q. Is there any kind of a statement that EQT  
14 would get that would show whether or not this was  
15 wet gas?  
16 A. We could look at wells and see what the  
17 Btu content is. If it's a higher Btu, then it  
18 would be more of a wet gas.  
19 Q. And as you sit here today, you can't tell  
20 me what the Btu content is on -- on these  
21 particular wells?  
22 A. No, I can't tell that.  
23 Q. Because it's not included on the  
24 statement?

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1 A. Correct.  
2 MR. WINDOM: Dave, do you know if  
3 they have a statement that shows what the Btu  
4 content is from these wells?  
5 MR. HENDRICKSON: I'm sure they do.  
6 MR. HASTINGS: These particular  
7 wells?  
8 MR. WINDOM: Yeah. A gas analytical  
9 report or anything?  
10 MR. HASTINGS: Let me look into that  
11 for you. We'll -- we'll tell you after this.  
12 MR. WINDOM: Okay.  
13 MR. HASTINGS: We'll tell you the  
14 ultimate question, whether we think --  
15 MR. WINDOM: What's that?  
16 MR. HASTINGS: We'll tell you the  
17 ultimate question, whether we think there's liquid  
18 or not.  
19 MR. WINDOM: I'd like -- I'd like to  
20 know what the Btu content is --  
21 MR. HASTINGS: We should have --  
22 MR. WINDOM: -- so I can --  
23 MR. HASTINGS: -- we should have it  
24 but -- I mean, I think, but I haven't seen it

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1 so --  
2 MR. WINDOM: Okay.  
3 BY MR. WINDOM:  
4 Q. Do you know if EQT pays any oil and gas  
5 owners for NGLs?  
6 A. Not separately.  
7 Q. Okay. When you say "not separately," how  
8 are they paid?  
9 A. They are paid at the higher Btu content,  
10 so it's the richer, the wetter gas. So it's not  
11 broken out as a separate product.  
12 Q. Okay. So if the value of the NGLs  
13 exceeds the value as a gas on a -- on a thermal  
14 unit basis, then EQT just profits down the line  
15 selling the NGLs?  
16 A. EPC does not profit.  
17 Q. Okay. Who -- who sells the NGLs? EE?  
18 A. EE.  
19 Q. Okay. So EE would profit?  
20 A. I can't answer that.  
21 Q. Okay. Indirectly, EQT would profit  
22 because they wholly own EE --  
23 A. Yes.  
24 Q. -- correct? I'm sorry, correct?

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1 A. Yes.  
2 Q. With regards to the deductions, does  
3 EQT reimburse EE for the deductions, or does EE  
4 just take the deductions out and -- and pay that  
5 price to EQT?  
6 A. EE nets it out of the price that pays  
7 EPC.  
8 Q. Okay. So there's never any -- any  
9 payment back for the deductions or anything?  
10 A. Correct.  
11 Q. Okay. Just wanted to make sure I -- I  
12 had that. I thought that was the --  
13 A. Uh-huh.  
14 Q. -- case, but I wasn't clear. Now, EQT  
15 has claimed that they're -- in -- in your  
16 discovery responses. You remember the discovery  
17 responses in this --  
18 A. Yes.  
19 Q. -- Case, right?  
20 A. Yes.  
21 Q. You signed the verification?  
22 A. Yes.  
23 Q. EQT has claimed that there are no actual  
24 deductions charged to the -- the lessor. Is --

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1 A. Yes.  
2 Q. -- is that your understanding?  
3 A. Yes.  
4 Q. Okay. But there are deductions taken out  
5 of the royalty?  
6 A. It's shown as -- as -- to be more  
7 transparent, but it's taken out of the price.  
8 Q. It's taken out of the price --  
9 A. Right.  
10 Q. -- that's paid? So the -- the price that  
11 is paid is a market price or an index price less  
12 these deductions in some sort of a calculation  
13 that EE makes?  
14 A. Correct.  
15 Q. Do you know who EQT Energy 2, LLC, is?  
16 A. Doesn't sound familiar to me.  
17 Q. Okay. You never worked for them when --  
18 A. Unh-unh. No.  
19 Q. -- you were doing overall work for the  
20 EQT companies or anything?  
21 A. No, not that I'm aware of.  
22 Q. Okay. What about EQT Midstream Partners?  
23 A. Yes.  
24 Q. Okay. What does EQT Midstream Partners

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1 do?  
2 A. I can't say for sure. They do the  
3 gathering.  
4 Q. Okay. So --  
5 A. They're more of the downstream.  
6 Q. -- the -- the gathering charges that --  
7 that are taken out by EE, would those be paid to  
8 EQT Midstream Partners?  
9 A. Yes. Midstream Partners bills EE.  
10 Q. Okay. And then that's a wholly-owned  
11 subsidiary as well?  
12 MR. HASTINGS: Unh-unh.  
13 MR. HENDRICKSON: If you don't know,  
14 don't answer.  
15 A. Yeah, I can't answer.  
16 Q. Okay. What about EQT -- there's an EQT  
17 Gathering, LLC, and an EQT Gathering, Inc., and  
18 then an EQT Gathering of West Virginia, Inc. Do  
19 you know --  
20 A. NO, I've never heard of those either --  
21 Q. -- any of those companies? You just know  
22 there's one company called EQT Gathering.  
23 A. Yes.  
24 Q. Okay. Fair enough. And do you do any

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1 work in accounting for any of these other  
2 companies besides EPC?  
3 A. Only EPC.  
4 Q. Who is EQM Gathering Opco?  
5 A. Another subsidiary, but I can't say for  
6 sure what --  
7 Q. Obviously they have gathering in their  
8 name. Do they -- do they charge gathering prices  
9 or gathering charges to EE as well? Do you know?  
10 A. I am not quite sure.  
11 Q. Do you know who would be able to tell me  
12 that?  
13 A. I would say maybe Brian Pietrandria.  
14 Q. I'm sorry?  
15 A. P-I-E-T-R-A-D-R-I -- R-I-A.  
16 Q. Pietradria?  
17 A. Pietrandria.  
18 Q. Pietrandria? I don't have an N in there.  
19 Is there supposed to be an N?  
20 A. Oh, yeah. It's T-R-A-N-D.  
21 Q. Okay. Okay. Pietrandria. All right.  
22 And that -- but you don't get any statements from  
23 EQ -- EQM Gathering Opco, LLC, in your office?  
24 A. No.

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1 MR. WINDOM: This is that Exhibit A  
2 that you provided. I think you said you were  
3 going to provide me with an updated version, that  
4 spreadsheet.  
5 DEPOSITION EXHIBIT NO. 9  
6 (EQT Production Company Spreadsheet  
7 was marked for identification  
8 purposes as Deposition Exhibit No.  
9 9.)  
10 Q. Okay. I'm going to hand you, Ms. Toia,  
11 what has been marked as Exhibit 9 to your  
12 deposition today.  
13 A. Okay.  
14 Q. That was provided to me in the discovery  
15 responses.  
16 A. Yes.  
17 Q. Have you seen that document before?  
18 A. Yes.  
19 Q. Did you prepare that?  
20 A. Yes.  
21 Q. And what information did you use to  
22 prepare this spreadsheet?  
23 A. I just ran an inquiry out of Enertia  
24 based on these three owner numbers.

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1 Q. And those three owner numbers relate to  
2 Arnold K. Richards and Mary L. Richards?  
3 A. Correct.  
4 Q. And they're the plaintiffs in this Case?  
5 A. Yes.  
6 Q. Now, it indicates there that -- that, I  
7 believe, some of these wells have been sold; is  
8 that right?  
9 A. It says that, but I can't say that for  
10 sure.  
11 Q. Okay. And these values are from 2014  
12 through 2017 in June; is that right?  
13 A. Correct.  
14 Q. Now -- I should say July of 2014.  
15 A. Oh, correct. July 2014.  
16 Q. Okay. The only wells there where it  
17 indicates that any deductions have been taken are  
18 the Pullman 96 wells, right?  
19 A. I see deduction amounts for those wells,  
20 yes.  
21 Q. Okay. And those would be the deduction  
22 amounts -- deduction amounts that would correlate  
23 with the owner deducts that were shown on Exhibit  
24 1, Page 2, and Exhibit 8?

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1 A. Yes.  
2 Q. And any other royalty statements that  
3 they would have during this time period?  
4 A. Correct.  
5 Q. So if I look at -- if I look at each  
6 royalty statement that they have, they should add  
7 up to -- to these same several used on deducts  
8 that are shown on Exhibit A?  
9 A. Correct.  
10 Q. And at least in June of 2017, can we  
11 agree that the deducts that were shown on the  
12 royalty statements for the Richards was  
13 \$77,716.20?  
14 A. Yes.  
15 Q. And then they had taxes that were taken  
16 out of that as well?  
17 A. Yes.  
18 Q. And -- and that is severance tax?  
19 A. Severance tax, correct.  
20 Q. And that is \$22,863.92?  
21 A. Yes.  
22 Q. And you believe that information to be  
23 true and accurate as well?  
24 A. Yes.



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1 Q. At least as far as up until June --  
2 A. June of 2017 --  
3 Q. -- of 2017?  
4 A. -- correct.  
5 MR. WINDOM: This is 10.  
6 THE COURT REPORTER: Okay.  
7 MR. WINDOM: Actually, let me get --  
8 let me get her verification. Mark that as 11.  
9 THE COURT REPORTER: There's 11 and  
10 there's 10.  
11 DEPOSITION EXHIBIT NO. 10  
12 (EQT Production Company's Responses  
13 to Plaintiffs' First Set of Combined  
14 Discovery Requests to Defendant were  
15 marked for identification purposes  
16 as Deposition Exhibit No. 10.)  
17 DEPOSITION EXHIBIT NO. 11  
18 (Verification was marked for  
19 identification purposes as  
20 Deposition Exhibit No. 11.)  
21 Q. Ms. Toia, I'm going to hand you what has  
22 been marked for identification as Exhibits 10 and  
23 11 to your deposition --  
24 A. Uh-huh.

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1 Q. -- today, okay, and ask you if you  
2 recognize those documents?  
3 A. I do.  
4 Q. Okay. And -- and what are those  
5 documents?  
6 A. The No. 10 is the EPC's responses to the  
7 plaintiffs' discovery requests.  
8 Q. Uh-huh.  
9 A. And 11 is the verification that I had  
10 signed and notarized.  
11 Q. Okay. And I got the verification by  
12 email a few days after I got the -- the discovery  
13 responses, but -- but that is your signature?  
14 A. Yes.  
15 Q. And it was notarized?  
16 A. Yes.  
17 Q. Okay. Now -- and you're, in that  
18 document, verifying that the information contained  
19 in these discovery responses are true except that  
20 it is stated that they're upon information and  
21 belief; is that right?  
22 A. I'm sorry. Say that again.  
23 Q. Yeah. You -- you were verifying that the  
24 answers in these discovery exhibits as Exhibit

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1 10 --  
2 A. Yes.  
3 Q. -- are true and accurate, except insofar  
4 as you believe that the answers are true, and then  
5 you said that they're upon information and belief.  
6 A. Correct.  
7 Q. Okay. Now, I want to ask you a few  
8 questions here. Did you prepare each and every  
9 one of these or help prepare each and every one of  
10 these?  
11 A. No.  
12 Q. Okay. Were there other people involved  
13 in preparing these answers that you know of?  
14 A. I don't know who that is, but yes.  
15 Q. Okay. So it would have been -- you don't  
16 know if it was people at EQT or who would have  
17 assisted?  
18 A. Yeah, I'm not sure who assisted. This  
19 was sent to me by Steve Hastings.  
20 Q. Okay. I would like for you to turn to  
21 Page 5, okay? There's a Subsection E there, and  
22 then it is small numbers --  
23 A. Uh-huh. Yes.  
24 Q. -- 1 through 5.

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1 A. Yes, I see that.  
2 Q. Do you see that?  
3 A. Yes.  
4 Q. Okay. And I had asked there -- for each  
5 payment to the plaintiff/lessor for each pay  
6 period, I had asked for some certain information  
7 there, including the price of the natural gas,  
8 casinghead gas, byproducts received for the pay  
9 periods.  
10 And it's my understanding from your  
11 testimony here today that that price would have  
12 had to have been backed into and that you are  
13 going to provide documentation on that price in  
14 the form of a spreadsheet that -- that you have  
15 from EE; is that right?  
16 A. Yes.  
17 Q. Okay. So I -- I can expect to receive  
18 that information?  
19 A. Yes.  
20 Q. Okay. Because that -- that wasn't  
21 stated. It says see B and D above. It really  
22 wasn't stated in -- in your responses, and I just  
23 want to make sure that -- that we have complete  
24 answers to those questions.

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1 A. Yes.  
2 Q. And then in little No. 3, it says: State  
3 whether the defendant, EQT, determined the market  
4 value of the natural gas, oil, casinghead gas,  
5 and/or byproducts for the plaintiffs for each pay  
6 period, and if so, state the market value for the  
7 natural gas, oil, casinghead gas, or byproducts  
8 for the plaintiffs and the basis for the amount  
9 the defendant established as the market value.  
10 And it's my understanding that you're  
11 going to provide that as well in terms of what  
12 that market price is based on the index; is that  
13 correct?  
14 A. Yes.  
15 Q. Okay. Now, I had asked: State whether  
16 the defendant paid the plaintiffs the market  
17 value, and if not, explain why. And -- and the  
18 response there says see B and D above.  
19 Now, if we go to B, it says see  
20 Exhibit A, and the Exhibit A that we had is the  
21 spreadsheet, which is identified as Exhibit 9.  
22 A. Yes.  
23 Q. And -- and that was part of the response,  
24 and then the other response, it says see D above,

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1 and there there is an explanation.  
2 It says: EQT Production Company -  
3 I'm on Page 4 - does not actually take deductions  
4 from the royalties due and pay to the plaintiffs.  
5 The royalty is based upon a price slightly more  
6 than the price EQT Energy pays EQT. Is that -- is  
7 that true?  
8 A. Yes.  
9 Q. Okay. So how much -- how much more is  
10 slightly more?  
11 A. I can't say that for sure --  
12 Q. Okay. Who --  
13 A. -- right here.  
14 Q. I'm sorry?  
15 A. I can't say that here. If I had the  
16 information back in the office, I could get that.  
17 Q. Okay. But you can provide that to me?  
18 A. Yes.  
19 Q. Okay. Will -- would you be willing to do  
20 that, provide that to me.  
21 MR. HASTINGS: Same information.  
22 THE DEPONENT: Yeah.  
23 MR. WINDOM: It's the same --  
24 THE DEPONENT: It --

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1 MR. WINDOM: -- stuff you already  
2 have.  
3 MR. HASTINGS: No. Same --  
4 MR. HENDRICKSON: Yeah. It -- we'll  
5 get them to you.  
6 THE DEPONENT: It'll be --  
7 MR. HENDRICKSON: We'll get them to  
8 you.  
9 MR. WINDOM: Okay.  
10 MR. HENDRICKSON: We'll get them to  
11 you.  
12 MR. WINDOM: It is in -- in this  
13 spreadsheet? Is that what it is?  
14 MR. HENDRICKSON: No. We're going  
15 to give you the -- we're going to give you some  
16 additional information.  
17 MR. WINDOM: Okay.  
18 THE DEPONENT: He wants to know the  
19 differential between the price that we get paid  
20 versus this higher price we pay.  
21 MR. WINDOM: Right. And you -- you  
22 have that information and can --  
23 MR. HENDRICKSON: Yeah.  
24 THE DEPONENT: Yeah.

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1 MR. WINDOM: -- provide that to  
2 counsel.  
3 THE DEPONENT: Yeah.  
4 MR. WINDOM: Okay.  
5 BY MR. WINDOM:  
6 Q. You can't answer that sitting here, but  
7 you will provide that?  
8 A. Yes.  
9 Q. Okay. Now, I'm looking at the answer to  
10 Interrogatory No. 4. Interrogatory No. 4 is on  
11 Page 7. The answer begins on Page 7 and then  
12 continues onto Page 8, and specifically I'm  
13 looking at the -- the last sentence.  
14 It says: EQT relies upon the  
15 language in the leases at issue for the payment of  
16 royalty based upon the market value of gas.  
17 Is that your answer?  
18 A. I see that, yes.  
19 Q. Okay. Did -- did you provide that  
20 answer?  
21 A. I did not type that answer, but it's a  
22 true answer.  
23 Q. Okay. Explain to me what that means, how  
24 EQT relies upon the language in the leases.

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1 MR. HENDRICKSON: Well, we object to  
2 it first of all, in that it's calling for a legal  
3 conclusion --  
4 MR. WINDOM: Okay.  
5 MR. HENDRICKSON: -- in the first  
6 line or number. So I don't think she can answer  
7 that. She's not a lawyer.  
8 MR. WINDOM: Well, you've gone on --  
9 she's gone on to answer it, and if -- if she  
10 knows, then I think she can answer.  
11 I mean, she went on -- she objected  
12 or you all objected and she went on to explain it,  
13 and I'm just asking her to explain what that  
14 sentence means.  
15 MR. HENDRICKSON: The last sentence?  
16 THE DEPONENT: Yeah.  
17 MR. WINDOM: The last sentence,  
18 yeah.  
19 MR. HENDRICKSON: Okay.  
20 BY MR. WINDOM:  
21 Q. So tell me what that means, that EQT  
22 relies upon language in the leases at issue for  
23 the payment of royalty.  
24 A. I was just going to say that land

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1 administration would make that determination and  
2 provide that to revenue accounting.  
3 Q. Okay. And that would be this email that  
4 -- that came to Shawn Madey; is that right?  
5 A. No. Actually that email -- it may be  
6 part of it, but then there's also the -- the deck  
7 that gets set up at the time that the wells are  
8 turning in line that the land administration --  
9 with the division order.  
10 Q. Okay. Can you provide the division order  
11 and the deck for -- for these particular wells to  
12 your counsel?  
13 A. I can give you a print screen of what it  
14 looks like in Enertia, but I don't have -- land  
15 administration enters all that --  
16 Q. Okay.  
17 A. -- information.  
18 Q. I would -- I would have to get that from  
19 land administration, or they would have to get  
20 that from land administration?  
21 A. Yes.  
22 MR. HENDRICKSON: Yes.  
23 MR. WINDOM: Okay. I'm -- I'm  
24 requesting that as well. Would you be willing to

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1 provide that, the deck and the -- and the --  
2 MR. HENDRICKSON: Yes.  
3 MR. WINDOM: Okay.  
4 Q. I'm sorry. You said the deck and the  
5 division order; is that right?  
6 A. The division order is the --  
7 Q. Okay.  
8 A. -- same as the deck.  
9 Q. Okay.  
10 A. Yeah.  
11 Q. Now, you had indicated that the -- the  
12 gathering cost included some specific charges but  
13 did not include a number of things, including  
14 depreciation in tax -- income tax?  
15 A. For royalty owners --  
16 Q. Right.  
17 A. -- correct.  
18 Q. Your -- your discovery response here to  
19 No. 5 lists two points. It says a separate  
20 gathering charge rate is calculated for each  
21 system. The royalty gathering deduct is composed  
22 of two components: A gathering and compression  
23 cost component, O&M.  
24 What is the compression cost, because

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1 that's -- that's not necessarily gathering, I  
2 don't think, is it?  
3 A. I can't really answer that. Again, that  
4 comes through as a component of that rate that is  
5 -- we receive from Midstream Planning.  
6 Q. Okay. What -- what's O&M?  
7 A. Operating and maintenance.  
8 Q. And then it says: An allocated general  
9 and administrative cost component. What is that?  
10 A. That would be on a -- if I can explain,  
11 the SG&A, that's going to be your -- just the  
12 accounting, the engineering, all the -- the  
13 planning groups. That's their labor costs and any  
14 costs associated with them.  
15 Q. Okay. So the royalty owner has to pay  
16 for their share of the allocated general  
17 administrative costs?  
18 A. I can't answer that.  
19 Q. Well, you -- you signed the verification  
20 that this is true and accurate, though.  
21 A. This is -- that would be more of a  
22 question that would go back to how that -- that  
23 rate is calculated.  
24 Q. Okay. But that rate, to your knowledge,

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1 includes an allocated general and administrative  
2 cost component?  
3 A. Yes.  
4 Q. And -- and I'm -- I'm a little confused.  
5 Can you tell me exactly what is in that allocated  
6 general administrative cost component that you  
7 know of?  
8 A. I can't say exactly, but I would --  
9 probably part of it would be salaries.  
10 Administrative costs would probably  
11 be -- in my accounting world, I would interpret  
12 that as expenses that you would have associated  
13 with having an office or, you know, just in  
14 general labor.  
15 Q. Do you know if it includes uniforms?  
16 A. I can't say that for sure.  
17 Q. Meals?  
18 A. I don't know.  
19 Q. Entertainment?  
20 A. I don't know.  
21 Q. I think if you -- you look down, it says  
22 all planned operating costs, and -- and planned  
23 operating costs are included in that gathering; is  
24 that right?

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1 A. Yes.  
2 Q. Okay. And that includes field personnel,  
3 it says. Does that include salaries?  
4 A. I can't say for sure.  
5 Q. Retirement?  
6 A. I can't say that for sure either.  
7 Q. Okay. It says pipeline repairs; is that  
8 correct?  
9 A. I see that it says pipeline repairs,  
10 right.  
11 Q. Who owns the pipelines?  
12 A. I can't say for sure.  
13 Q. Maintenance?  
14 A. I see that, yes.  
15 Q. And -- and you would agree that -- that  
16 those costs are passed onto the royalty owner?  
17 A. To the extent of it's part of what rate  
18 we are received by from administrative planning, I  
19 see.  
20 Q. Compressor repairs?  
21 A. I see that.  
22 Q. You -- you would agree that those are  
23 passed onto the royalty owners?  
24 A. It's part of the rate.

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1 Q. Compressor maintenance is passed onto the  
2 royalty owners?  
3 A. It's part of the rate.  
4 Q. And property taxes are passed onto the  
5 royalty owners?  
6 A. Yes.  
7 Q. And then it says: General and  
8 administrative costs for the gathering system are  
9 divided by the planned total throughput on the  
10 system.  
11 What is the planned total throughput?  
12 A. I can't answer that.  
13 Q. Who can tell me who -- what the planned  
14 total throughput is?  
15 A. This rate is calculated by Midstream  
16 Planning, which is Joe Piccirilli --  
17 Q. Okay.  
18 A. -- so he would be the person to answer  
19 that.  
20 Q. Joe -- Joe Piccirilli can -- can explain  
21 all of that information for me?  
22 A. Yes.  
23 Q. Okay. Do you know who Jimmi Sue Smith  
24 is?

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1 A. Yes.  
2 Q. Who's Jimmi Sue Smith?  
3 A. She is the chief accounting officer.  
4 Q. And what does Jimmi Sue Smith do for EQT?  
5 A. Chief accounting office --  
6 Q. I mean --  
7 A. -- officer.  
8 Q. -- what -- what are her job duties as  
9 chief accounting officer, is what I should say?  
10 A. I can't say for sure.  
11 Q. Okay. Do you know who Justin Friend is?  
12 A. I've heard his name, but I'm not sure who  
13 he is.  
14 Q. Okay. John Damato?  
15 A. I've heard his name, but I don't think  
16 he's with EQT any longer.  
17 Q. Do you know what an NAESB base contract  
18 is?  
19 A. No.  
20 Q. Never heard of that?  
21 A. I've heard, but I don't know what it is.  
22 Q. Okay. Do you know who buys the oil from  
23 EQT wells in West Virginia?  
24 A. It could either be EnLink or Ergon.



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1 Q. Okay. EnLink?  
2 A. E-N-L-I-N-K.  
3 Q. Uh-huh.  
4 A. Or Ergon.  
5 Q. And do you know, specifically with  
6 regards to the Richards' wells on the Pullman 96  
7 pad, who buys the oil there?  
8 A. I can't say from the statement.  
9 Q. Would you have that information back at  
10 your office?  
11 A. Yes.  
12 Q. And could you provide that to me as well?  
13 A. Yes.  
14 Q. And could you provide me the statements  
15 where either EnLink or Ergon purchased oil from  
16 the Pullman 96 wells?  
17 A. Yes.  
18 Q. And you'll provide those to -- to  
19 counsel?  
20 A. Yes.  
21 Q. Thank you. Do you know if EQT is paid  
22 for their oil based upon the specific gravity,  
23 grade, or density?  
24 A. I don't know the details behind how we're

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1 getting paid.  
2 Q. Okay. You sell it, of course, by the  
3 barrel.  
4 A. Yes.  
5 Q. But like gas has different thermal  
6 components, oil has different qualities as well?  
7 A. Yes.  
8 Q. And -- and there's some sort of a  
9 statement that'll show what the quality of the oil  
10 is and so forth and -- and how you're paid?  
11 A. I can't say for sure. I just know that  
12 there is the volume and a value --  
13 Q. Okay.  
14 A. -- and a location.  
15 Q. But you don't know how that value  
16 necessarily is determined?  
17 A. No.  
18 Q. Okay.  
19 MR. WINDOM: Can we go off the  
20 record?  
21 THE VIDEOGRAPHER: The time is --  
22 MR. HENDRICKSON: We can do whatever  
23 you want to do.  
24 THE VIDEOGRAPHER: -- 1:56. We are

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1 now going off the record.  
2 (A recess was taken, after which the  
3 proceedings continued as follows:)  
4 PROCEEDINGS  
5 THE VIDEOGRAPHER: The time is 2:02.  
6 We are now back on the record.  
7 BY MR. WINDOM:  
8 Q. Ms. Toia, you indicated that you had  
9 provided deposition testimony in -- in some other  
10 cases. Did you review those depositions prior to  
11 being here today?  
12 A. No.  
13 Q. Okay. Do you have those depositions?  
14 A. No.  
15 Q. Transcripts?  
16 A. No.  
17 Q. Okay.  
18 MR. WINDOM: That's all the  
19 questions I have.  
20 MR. HENDRICKSON: I have just a  
21 couple follow-up questions.  
22 EXAMINATION  
23 BY MR. HENDRICKSON:  
24 Q. Earlier you were asked about market value

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1 leases. The market value that -- that you -- you  
2 receive is the price at the wellhead less the  
3 charges from the other company, correct?  
4 A. Correct.  
5 Q. Okay. And the market value could have a  
6 meeting a lot of different places down the line,  
7 correct?  
8 A. Correct.  
9 Q. So it could be at the interstate  
10 pipeline, it could be where gas is sold in New  
11 York, a lot of different market values?  
12 A. Correct.  
13 Q. Okay. One last thing: The charge that  
14 you're given by this -- the other company --  
15 A. Yes.  
16 Q. -- it includes not just gathering, but  
17 also compression, correct?  
18 A. Correct.  
19 MR. HENDRICKSON: All right. That's  
20 all I have. Just wanted to clear that up.  
21 MR. WINDOM: We're done.  
22 MR. HENDRICKSON: We'll read.  
23 THE VIDEOGRAPHER: The time is 2:04.  
24 We are now going off the record. This concludes

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1 the deposition.  
2 (Having indicated she would like to  
3 read her deposition before filing, further this  
4 deponent saith not.)

5 ---oOo---

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ERRATA SHEET

1  
2 I, KRISTY TOIA, do hereby certify that  
3 the foregoing is a true and correct transcript of  
4 my deposition with the exception of the following  
5 corrections:

5 PAGE LINE CORRECTION

6 \_\_\_\_\_  
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DEPONENT'S SIGNATURE

18  
19 STATE OF \_\_\_\_\_,  
20 COUNTY OF \_\_\_\_\_,

21 Sworn to before me, \_\_\_\_\_,  
22 Notary Public, this \_\_\_\_ day of \_\_\_\_\_,  
23 2017.

NOTARY PUBLIC

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1 STATE OF WEST VIRGINIA,  
2 COUNTY OF RITCHIE, to wit;

3  
4 I, David A. Absher, a Notary Public  
5 within and for the County and State aforesaid,  
6 duly commissioned and qualified, do hereby certify  
7 that the foregoing deposition of KRISTY TOIA was  
8 duly taken by me and before me at the time and  
9 place and for the purpose specified in the caption  
10 hereof, the said witness having been by me first  
11 duly sworn.

12 I do further certify that the said  
13 deposition was correctly taken by me in shorthand  
14 notes, and that the same were accurately written  
15 out in full and reduced to typewriting and that  
16 the witness did request to read her transcript.

17 I further certify that I am neither  
18 attorney or counsel for, nor related to or  
19 employed by, any of the parties to the action in  
20 which this deposition is taken, and further that I  
21 am not a relative or employee of any attorney or  
22 counsel employed by the parties or financially  
23 interested in the action and that the attached  
24 transcript meets the requirements set forth within  
25 article twenty-seven, chapter forty-seven of the  
26 West Virginia Code.

My commission expires April 9, 2024.

Given under my hand this 30th day of November,  
2017.

David A. Absher



Official Seal  
Notary Public, State Of West Virginia  
David Absher  
Realtime Reporters  
536 7th Street  
Huntington WV 25701  
My commission expires April 9, 2024